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NEWS SUMMARY

GENERAL

Yugoslav aircraft crash kills 178

All 178 people aboard a Yugoslav DC-9 died when it ploughed into mountainous country in Corsica.

The crash happened in bad weather about 20 miles south-east of Ajaccio. Airport control officials had picked up a distress call as the holiday charter aircraft disappeared from their radar screens.

Allen cleared of criminal violation

The U.S. Justice Department cleared national security adviser Richard Allen of any criminal violation in receiving $1,000 from a Japanese magazine last January. There was no need for a special prosecutor to look into the case.

It was still considering Mr Allen's acceptance of two watches from the magazine and an incorrect disclosure of his financial interests. Earlier story, Page 4

Stornaway base

The RAF station at Stornaway on the Isle of Lewis will be developed at a cost of £40m as a forward operating base for Nato aircraft. Page 8

Health 'options'

A Government working party examining alternative ways of health care funding has been told to consider all options. Page 6

Tenants warned

The Labour Party warned tenants that it would cancel options to buy their houses soon after taking office. Page 10

Strategy dropped

The Government has abandoned a key part of its housing subsidy strategy. Page 6

Maze inquest

The 10 Maze prison hunger strikers died from self-imposed starvation, an inquest jury at Hillsborough, Co Down, found.

Boys sentenced

A boy of 15 was sentenced in London to 12 years' detention for "merciless" attacks on old people in robbery expeditions. Two others were sentenced to 10 years.

£10,000 reward

A Barking company offered a £10,000 reward for conviction of the killer of businessman Roy Herterich, shot at his Brentwood, Essex, home on Saturday.

Belgian task

Belgian Foreign Minister Charles-Ferdinand Nothomb was given the task of forming a Government. Page 2

Brixton decision

The Director of Public Prosecutions decided that police officers accused of damaging homes in searches after the Brixton riots will not be prosecuted.

Labour of love

Leading Labour politicians, including Michael Foot, may be asked to take part in a fund-raising political review in London next month.

576 years in jail

The 865-year jail sentence imposed on a hotel cashier in Thailand for embezzling £5,056 was cut to 576 years after his testimony proved useful.

Briefly . . .

London's taxis will be allowed to display advertisements outside.

Shirley Williams returned to the Commons. Parliamentary sketch, Page 10

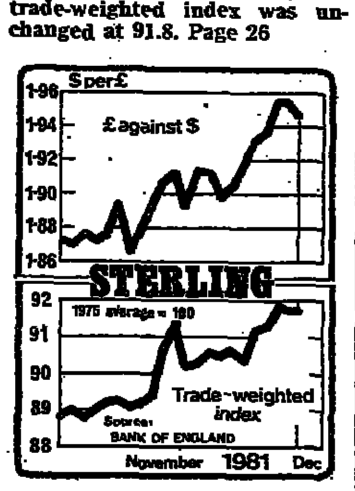
Stonehenge barrier will be removed for three months.

BUSINESS

Dollar rises; Equities fall 7

● DOLLAR gained ground, influenced by higher Eurodollar rates and Monday's rise in the Fed Funds rate. The U.S. unit closed at DM 2.221 (DM 2.2135), SwFr 1.7825 (SwFr 1.77) and Y216.25 (Y214.1). Its trade-weighted index was 105.7 (104.9). Page 26

● STERLING fell to $1.9475 ($1.9550), DM 4.3275 (DM 4.33), and FFr 10.93 (FFr 10.945), but rose to Y421.25 (Y418.75). Its trade-weighted index was unchanged at 91.8. Page 26



● GOLD fell $6.5 in London to $402.5. In New York the Comex December close was $406.75. Page 26

● EQUITIES were quiet, as Monday's renewed hopes for a cut in base rates faded. The FT 30-share index fell 7.0 to 530.8. Page 32

● GILTS also weakened, with the Government Securities Index down 0.67 at 64.06. Page 32

● WALL STREET was down 1.42 at 887.56 near the close. Page 30

● HAMBROS BANK is near solving a dispute with Norway over its involvement in the troubled Reksten shipping group. Back Page

● VISA INTERNATIONAL president Dee Hock rejected a proposal for co-operation with West German banks. Page 27

● INTERNATIONAL Harvester received the Reagan Administration's permission to export $300m (£157m) of agricultural equipment technology to the Soviet Union. Page 5

● BRITISH RAIL'S external financing limit for 1982-83, to be announced today, will be allowed to rise 3 per cent to £950m. Back Page; Sealink ferry crew's plan, Page 10

● ELECTRICITY PRICE for bulk buyers may be cut slightly, hinted Energy Secretary Nigel Lawson. Page 10

● HONDA launched 22 motor-cycle models in the UK in an attempt to take half of the powered two-wheeler market next year. Page 6

● ROCKWARE GLASS, the UK bottle maker, will close its St Helens plant in February, making nearly 800 redundant. Page 6

● GOULD, the U.S. electronics company, is taking over American Microsystems in a share exchange deal worth about $200m (£102m). Page 27

● SIR YUE-KONG PAO said he no longer supported his plan to merge World International (Holdings) with Hongkong and Kowloon Wharf. Page 29

COMPANIES

● HANSON TRUST, the diversified industrial group, raised pre-tax profits 27 per cent to £49.7m in the year to September 30. Page 20; Lex, Back Page

● ALLIED-LYONS, formerly Allied Breweries, raised group pre-tax profits from £50.5m to £65.5m for the 28 weeks to September 19. Page 20; Lex, Back Page

● SANGERS, the pharmaceutical and photographic group, suffered pre-tax losses of £1.04m for the half-year to August 31, against £463,000 profits. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Atkins Brothers	58	+ 8
Channel Tunnel	175	+ 5
Dixon (D.)	108	+ 6
Firth (G. M.)	187	+ 4
Hanson Trust	284	+ 5
Hargreaves	42	+ 7
Home Brewery	570	+ 45
MEPC	248	+ 8
FALLS		
Treasury 15½pc 1998 £101⅞		− 1
Barclays Bank	432	− 15
Boots	183	− 8
Glaxo	420	− 8
Gt. Portland Estates	182	− 8
Grindlays Bank	200	− 4
Hawker Siddeley	318	− 6
ICI	288	− 6
Kwik Save	218	− 8
Lloyds Bank	435	− 12
MK Electric	230	− 6
Nimslo	165	− 15
Plessey	334	− 8
Sonnerr	30	− 3
Spear and Jackson	90	− 10
Standard Chartered	650	− 18
Stock Conversion	338	− 10
Tricentrol	37	− 7
Berkeley Expl.	355	− 30
Anglo American	650	− 30
F. S. Geduld	£151	− 1½

Government proposals to keep youngsters off jobless register

BY PHILIP BASSETT AND ELINOR GOODMAN

THE GOVERNMENT is set to announce proposals to keep all 16- to 18-year-olds off the unemployment register.

However, to meet the terms of the plan, young people taking up the schemes, which will *replace the much-criticised* Youth Opportunities Programme, may get paid substantially less by the state—one *proposal being considered in* Whitehall, is for £15 a week rather than the £23.50 they receive at present—and school leavers who refuse to take up a place would not be allowed to draw supplementary benefit.

The proposals, based on recommendations from the Manpower Services Commission, which administers existing employment and training schemes, are due to be announced at the turn of the year. There are signs they could come well before Christmas, possibly in about a fortnight.

The MSC recommendations, to be submitted to the Government in the next few days, include:

● The combination of present measures to help the young un*employed — the Youth Oppor*tunities Programme — with those to help training, such as apprenticeship subsidies, into an overall package to deal with all youth employment, which will aim to provide a place for all young people effectively extending the age of starting work to 18.

● An increase in funding for *the programme by about 30 per* cent on the cost of the present youth measures, which will take the overall cost to just under *£1bn a year.*

● Tight guidelines, including the threat of withdrawal of subsidies to employers, to keep up *the standards of schemes run* by them, to prevent some of the abuses of the YOP by some companies.

● *A mix in the scheme of work* experience, at least one day a week off-the-job training, and a short period of about a week *of residential training, leading* to a certificate for all who pass through the scheme.

● The idea seems to be to shift *financial responsibility for 16 to* 18 year olds back to parents. For this reason, parents might be able to claim the child bene*fit of £5.25 a week for children* who have left school and gone into training.

The package is thought to *have the approval of the Prime* Minister, the Treasury, and Mr Norman Tebbit, Employment Secretary, whose officials are working on the proposals.

The Government may not fully take up all the MSC's proposals—the commission, for instance, would like all school leavers to receive further training, with none starting full-time *employment on leaving school* at 16.

Approval for large-scale pilot schemes based on the main proposals is expected. These would be developed over the next year, involving at least 100,000 young people with the full scheme to replace YOP implemented by 1983.

The present schemes, which will cater for about 550,000 unemployed youngsters by the end of this financial year, cost about £550m-£600m a year to operate. Whitehall is talking of about £1bn for the new scheme in this financial year, with it taking the major part of the £1.5bn apportioned for the MSC's special programmes for the following year.

However, a considerable proportion of this is already earmarked for the current expansion of YOP.

The financial basis of the scheme would probably be different from the present YOP system of a weekly allowance to trainees.

Editorial comment, Page 18

Price of television licences increased

BY JAMES McDONALD

THE COST of a colour television annual licence was raised by £12 from midnight last night from £34 to £46. The licence fee for a black and white set was increased by £3 to £15.

Announcing the increase in the Commons yesterday, Mr William Whitelaw, the Home Secretary, said the fees would *be frozen for at least three* years. He stressed that he would expect the BBC to "live within the revenue which these new levels of fees will produce until the end of the 1984-85 financial year." He also expected the corporation to pay off its £30m current deficit.

The BBC, which has been campaigning vigorously for a £50 colour TV licence fee to be pegged for three years, said last night that it was disappointed not to get the £50. But it recognised that the Government's decision had been made against the background of considerable economic difficulty.

The BBC estimated that the increase in colour and monochrome fees would bring in net—after payment to the Post Office for collection and the cost of campaigns against fee-dodgers—£673m a year. This compares with about £500m at present.

"This is a £56m a year shortfall from what a £50 fee would have produced," said the BBC.

Mr Whitelaw also announced new easy-payment measures, aimed at softening the blow to licence holders. Direct monthly

Continued on Back Page

Editorial Comment, Page 18
Grade to float 49 per cent of TU offshoot, Back Page

Burns warns of nuclear debate forcing isolation

BY JONATHAN CARR IN BONN

A STRONG warning that the debate on nuclear weapons in *Europe might force* the U.S. back into isolation, has been made by Dr Arthur Burns, the U.S. Ambassador to West Germany.

In a speech in Bonn yesterday, Dr Burns said the debate—which was being watched with growing concern in the U.S.—was becoming "a battle for the soul of Europe, with clear alternatives."

Sentiment

He told the German Foreign Policy Institute that the West could unequivocally reaffirm its determination to achieve enough collective security to deter aggression or, if such reaffirmation were long delayed, "there may well be a growing sentiment in America to turn back *on itself and let Europe depend* for its security and freedom upon its own resources or upon Soviet goodwill."

Dr Burns's address was one of the sharpest statements of Washington's views to be made here publicly by any U.S. official.

Drifting

It is felt to reflect American fears that the U.S. and Europe are drifting apart, partly because there is a new generation without the shared experience of the immediate post-war years.

Dr Burns said he had no problem understanding people who disagreed with the U.S. and who exercised the right to demonstrate peacefully against its policies.

"But," he added, "understanding fails me when supposedly educated young people equate the motives of the U.S. vis-a-vis Europe, with those of the Soviet Union, as many young men and women—and some not so young—are now doing."

That reflected ignorance, intellectual blindness, or perhaps even intentional distortion, said Dr Burns.

The people of the U.S. had been sacrificing materially and personally by keeping 350,000 American troops in Europe, but "They will not stay if they are not welcome," he said.

Responsible

Dr Burns urged "responsible German leaders" to tell the *American people that the* excesses of young people did not represent a consensus among the thinking people of the country.

He said it was important that the American public should understand that even where anti-Americanism actually existed in Europe, it could rarely be equated with pro-Sovietism.

Dr Burns, a former chairman of the Federal Reserve Board, became Ambassador to Bonn earlier this year. His appoint*ment was welcomed by the West* German Government, particularly by Chancellor Helmut Schmidt who is known to value *Dr Burns's expertise — above* all on economic matters.

Arms talks under way; Wider role urged for WEU, Page 2

Japan to cut tariffs on Scotch and other imports

BY GILES MERRITT IN BRUSSELS AND CHARLES SMITH IN TOKYO

JAPANESE IMPORT tariffs on Scotch whisky and about 1,500 other import items will be reduced on April 1 as a result of an Order yesterday by Prime Minister Zenko Suzuki.

The inclusion of Scotch as well as chocolates and biscuits in the tariff reduction order came after repeated requests from British. Scotch sales to Japan have fallen by 52 per cent in the first nine months of the year compared with that period last year.

Mr Suzuki's decision followed formation of a new Cabinet. The main thrust of the Cabinet change was to ease the trade friction between Japan and the West.

European Commission officials expressed doubts yesterday about the effectiveness of the Cabinet reshuffle in easing trade frictions, and suggested that the ministerial changes might even be used by Japan as a pretext for delaying further any moves to reduce the mounting trade surplus with the EEC.

Officials in Brussels expected the Community's trade gap with Japan to widen again this year, reaching $14bn-$15bn (£7.2bn-£7.7bn) for 1981, from $12bn last year and $8bn in 1979.

An eventual decision by the Japanese Government on the degree to which it will help restrain exports and encourage imports is still expected by Commission officials.

There is concern, however, that postponement could provoke renewed pressures within the Community for protectionist action.

The changes in yesterday's Tokyo import tariff announcement are not an immediate response to this concern. All the items, except Scotch, were due for tariff cuts in an eight-year programme agreed under the auspices of the General Agreement on Tariffs and Trade.

The effect of Mr Suzuki's Order will be to implement three "instalments" of the eight-year programme beginning next April, with an initial sharp reduction, after which they will remain at the same level for the next two years.

It was not immediately clear what the impact of the Scotch whisky tariff reduction would be.

U.S. bourbon whisky is taxed at a rate of 24.5 per cent of its landed value, while the tariff on Scotch ranges between 55 per cent and standard grades to about 30 per cent on luxury grades.

Britain sought a cut in the tariff to bring it into line with bourbon.

Also included in the changes was a reduction in tariffs on computers, an item singled out for particular attention by the U.S., the world's industry leader. These will fall from 9.1 per cent to 7 per cent.

Background, Page 5

EEC imposes jeroboam fine on Moet

BY GILES MERRITT IN BRUSSELS

THE EEC Commission yesterday imposed a jeroboam fine of 1.1m ECUs (£622,000) on Moet et Chandon, the French champagne house, for breaking the Rome Treaty's competition rules.

Bubbling with indignation, EEC officials described the action of the British subsidiary of Moet-Hennessy, Moet et Chandon (London), in forbidding the resale of its champagne outside the UK as a "serious infringement."

The Commission said that, from January 1980 to October 21 this year, Moet's British company illegally applied an export ban to prevent its French champagne circulating freely to other Common Market countries.

Furthermore, the company failed to notify the Brussels authorities of this, and so could not be exempted from the Rome Treaty rules.

The rights and wrongs of the matter are still far from sparkling clear, although Moet-Hennessy could choose to clarify matters by challenging the Commission in the European Court of Justice and contesting a fine of the size normally reserved for erring industrial giants.

Meanwhile, Moet's stated defence is that the company was acting in the best interests of British champagne drinkers.

To prevent the sale abroad of already limited allocations to Britain—which would have forced up the UK price—the company broke the letter of EEC law. The supplies of Moet et Chandon for Britain had been limited because of shortages resulting from three poor vintages in four years.

The size of the fine, Moet said yesterday, has come as a "terrible shock: it's like having to pay a parking fine calculated on the value of one's car."

£ in New York

—	Nov. 30	Previous
Spot	$1.9655-9670	$1.9635-9650
1 month	0.64-0.60 dis	0.60-0.55 dis
3 months	1.40-1.35 dis	1.29-1.24 dis
12 months	2.35-2.20 dis	1.90-1.75 dis

MPs fight heavier trucks plan

BY LYNTON McLAIN AND IVOR OWEN

THE GOVERNMENT is to raise the maximum legal weight of heavy trucks by almost a quarter, to 40 tonnes, under proposals in a White Paper yesterday.

Mr David Howell, the Transport Secretary, presented the White Paper on Lorries, People and the Environment to Parliament amid almost universal condemnation from Tory, Labour and Liberal MPs.

The paper calls for higher priority for bypasses, with four schemes brought forward from the Government "pool" of road schemes and seven accelerated.

The Government wants truck noise cut and the "quiet heavy lorry" to be further developed.

The strength of the protests from the Tory backbenches may force the Government to reconsider its proposals to raise maximum truck weights.

Mr David Crouch, Tory MP for Canterbury, a *constituency* affected by the high volume of truck traffic to and from South Coast ports, told Mr Howell he would vote against the proposals.

"I do not believe these lorries will not be bigger, heftier and more dangerous on the roads. I just do not accept it," he said after Mr Howell's statement.

The majority of MPs present voiced their agreement with Mr Crouch.

Mr Howell insisted that "lorries are not going to be any bigger." They would be the same containers but instead of being 80 per cent full as some are now because of weight limits, would be full.

Lorry users' wishes met, Page 8
Backbenchers attack lorry rules, Page 10
Howe puts squeeze on British Rail, Back Page

Several MPs reacted swiftly and said: "You must be joking."

Mr Albert Booth, Opposition *spokesman on Transport and* MP for Barrow-in-Furness, said people in areas already suffering from the effects of heavy trucks would be shocked by Mr Howell's decision.

The White Paper is the Government's formal response to the 58 recommendations by the Government-appointed Armitage Inquiry into the subject, which reported a year ago.

Armitage wanted the Government to act to control the truck, make it more efficient, and less damaging to the environment.

Other measures called for by Mr Howell include tighter control of the places from which truck companies may operate and better safety standards, but there were no other measures in the White Paper to improve the environment from the worst effects of trucks.

Outside the Commons, the road freight transport industry welcomed the proposals. Mr Hugh Featherstone, director-general of the Freight Transport Association representing 15,000 industrial transport users, said heavier trucks were part of a "very well balanced package."

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KING TURNS TO FOREIGN MINISTER

Wider coalition bid likely in Belgium

BY LARRY KLINGER IN BRUSSELS

Mr Nothomb: approach to all national leaders

KING BAUDOUIN of Belgium yesterday called on Mr Charles-Ferdinand Nothomb, Foreign Minister in the outgoing coalition Government, to try to form a new administration.

Mr Nothomb, a 45-year-old economist who has been prominent in Belgian political and diplomatic life for 15 years, is expected to attempt to form a "tripartite" coalition of the country's three main political "families"—his own centrist Christian Democrats, the conservative Liberals and the Socialists.

His appointment follows the collapse on Monday of a week-long attempt by Mr Willy de Clercq to bring together his own Liberal Party and the Christian Democrats in a two-party coalition.

Mr de Clercq's efforts failed when the French-speaking wing of the Christian Democrats refused to allow its leader Mr Paul Vanden Boeynants, to continue talks on a national level unless they were widened to include the Socialists.

Mr Vanden Boeynants became the first major casualty of the crisis when he resigned the leadership of his party.

Announcing his resignation yesterday, he said that the party had always known his position of supporting a two-party coalition. He felt unable to change his ideas at this late date and therefore could not continue.

Mr Nothomb is a member and former president of the same party, but has a reputation for being able to bridge the internal divisions between Left and Right. A close adviser said yesterday that the Foreign Minister would be approaching "all the national leaders involved," thereby lending support to the suggestion that first attempts will be aimed at a "tripartite" coalition.

Meanwhile, the country is now in its fourth week of caretaker government, hamstrung in dealing decisively with growing economic problems which centre on a deteriorating balance of payments and rapidly growing public debt.

The inconclusive general election on November 8, which was forced by the outgoing Christian Democrat-Socialist coalition's disputes over economic policy, left all the political "families" able to form a slim majority with a grouping of any two parties.

The trouble is that it also left the Liberals and Socialists with seemingly irreconcileable economic policies, and both the Flemish and French-speaking wings of the Christian Democrats deeply divided internally.

Another year of austerity for Turks

By Metin Munir in Ankara

DEFENCE SPENDING will take almost a fifth of Turkey's budget for the 1982 financial year. But the overall spending plans, unveiled yesterday by Mr Kaya Erdem, the Finance Minister, indicate that the Government is pressing ahead with the austerity programme prescribed by the International Monetary Fund.

The budget foresees expenditure of TL 1.815bn (£7.34bn), 33 per cent higher than this year.

Its main target is to support the government programme to raise real growth to 4.4 per cent next year (against an estimated 3.4 per cent in 1981) and bring down inflation to 25 per cent from about 40 per cent this year. Energy will be given top priority followed by completion of half-finished public projects which have an export potential.

The sum allocated to the Ministry of Defence and Gendarmarie is TL 353bn (£1.4bn), some 19 per cent of total expenditure and just over 18 per cent higher than this year's figure. In real terms, however, defence spending has declined. In dollar terms the defence budget has gone down by 28 per cent to $2.772bn from $3.389bn.

M A C H . 2 3 — — —

Mr Erdem said the budget would be balanced, requiring only about TL 50bn of domestic borrowing. He also said that the Ministry of Finance had submitted proposals to the military National Security Council for amendments in the tax package introduced earlier this year. The Ministry is believed to have proposed a reduction in corporate tax from 50 per cent to 40 per cent.

Greece holds up Spain's application to join Nato

BY DAVID TONGE

STOCKTAKING BY the new Greek Government is threatening to delay plans for an agreement next week on Spanish membership of the North Atlantic Treaty Organisation.

Diplomats involved in the intricate preparations for asking Spain to join Nato say that Dr Andreas Papandreou, who came to power in Athens six weeks ago, has suggested that the question of Spanish membership should be left until he visits Brussels next week.

He has not come out in opposition to Spain's acession, but diplomats say that his suggestion has "disrupted a delicate quadrille" between Madrid and its 15 potential allies.

The Spanish Parliament last week agreed to approach the Atlantic alliance, but the Government is reluctant to do so unless it is certain it will be accepted. Nato needs the formal approach in order to complete its preparations.

The general Nato view is to back Spanish membership, although there have been some suggestions particularly by the Dutch, that the process is being rushed, against the will of the Spanish Socialists who might just win the next general election.

Any delay by the Spaniards may prevent Nato from completing its preparations in time to sign a protocol on Spanish accession at next week's meeting of Nato foreign ministers. Norway and Denmark wish to discuss such astep with their foreign affairs committees.

If no further objections surface, a protocol could be signed later at a lower level. Once each country has ratified this protocol, a formal invitation will be issued to Spain to become Nato's 16th member. This process is likely to last until at least the spring but could be extended.

Way cleared for cabinet changes

BY OUR MADRID CORRESPONDENT

THE RULING Union de Centro Democratico (UCD) party in Spain has managed finally to agree, on a compromise candidate for Secretary-General. He is Sr Inigo Cavero, the present Culture Minister. The agreement paves the way for Prime Minister Leopoldo Calvo Sotelo to carry out a long-awaited cabinet shuffle, almost certainly later in the week.

The post came vacant two weeks ago when Sr Agustin Rodriguez Sahagun, the party president, and Sr Rafael Calvo Ortega, the secretary general, were forced to resign after a bitter power struggle. They had been chosen at the party's congress in January in the wake of the resignation from the premiership and leadership of the party of Sr Adolfo Suarez.

They were considered by Sr Calvo Sotelo to be too much under the influence of a powerful pro-Suarez faction within the party. This led to increasing friction as Sr Calvo Sotelo sought to mould the party in his own image, pushing it more towards the right.

The first sign of serious friction came in September with the resignation of Sr Francisco Fernandez Ordonez, the Justice Minister and leader of the social democrat faction in the UCD. There then followed an attempt to ease Sr Suarez and his supporters out of any position of power within the party.

It failed, but led to greater infighting. Last month any pretence at unity was shattered by the decision of Sr Fernandez Ordonez to leave the party with eight MPs.

This was the signal for a serious confrontation between Sr Suarez and Sr Calvo Sotelo, the former contending that the Prime Minister was betraying the ideals which brought the various groups together to form the UCD in 1977. However, Sr Suarez was forced to drop his fight to retain influence, at least in part on the insistence of King Juan Carlos.

Sr Calvo Sotelo thus was able to force Sr Sahagun and Sr Calvo Ortega to resign. The Premier became party leader himself two weeks ago—combining the position of head of the party and Government, roles which the UCD congress had sought to separate only 10 months previously.

The man now chosen to run the party is a wealthy lawyer, christian democrat and former Justice Minister. His appointment underlines that Sr Calvo Sotelo wants a pliable person who will be under his orders.

Sr Cavero has no party following. Indeed, all those candidates with such a following were rejected precisely because of this.

To complete the changes, Sr Jaime Llamo de Espinosa, the current Agriculture Minister, was named yesterday as the new head of the UCD parliamentary group. To accommodate these changes there will be a cabinet shuffle, probably announced today or Thursday. It is expected to show a further shift toward the right.

Sr Suarez, having resigned 10 days ago from the party executive and announced his eventual departure from the UCD, has done nothing further. However, he is the big loser in all this.

Significantly, Sr Cavero was voted as secretary-general, the party's third in just over four years, by 136 votes to 79 blanks—indicating an important protest and underlining that the party is still profoundly divided. His main task will be to try to act as a conciliator.

Arms talks under way in Geneva

By Bridget Bloom in Geneva

THE U.S. and Soviet delegations to the arms control talks met in Geneva for nearly three hours yesterday in the first plenary session of what are expected to be highly complex and drawn-out negotiations to limit nuclear weapons in Europe.

The blackout on all substantive information on the talks, agreed at a private meeting on Monday by Mr Paul Nitze and Mr Yuli Kvitsinsky, the heads of the delegations, was not lifted. A curt statement announced only the end of the session after two hours and 40 minutes. However, both delegations assembled in the U.S. mission for a "photo call" yesterday with a show of mutual cordiality.

According to the official statement, both sides have agreed to describe the negotiations as "arms reduction talks," signalling that both the U.S. and the Soviet Union intend to negotiate significant reductions rather than limitations on existing levels of nuclear weapons in Europe.

Beyond that, however, the official silence masks deep divisions. It is possible that the secrecy will be breached, as it was during the earlier Salt negotiations, if the talks go wrong. But diplomatic observers are encouraged at the seriousness shown on both sides.

Nato governments, who were primarily responsible for the talks being held, will get their first official account of events next week when defence and foreign ministers meet at the twice-yearly council.

Decisions on the future direction of the negotiations are expected to be taken by Mr Alexander Haig, the U.S. Secretary of State, and his Soviet counterpart, Mr Alexei Gromyko, at their meeting in Geneva in January.

Anxious Delors triggers split over French reforms package

BY DAVID HOUSEGO IN PARIS

DIFFERENCES have emerged within the French Government over the pace at which its programme of reforms should be implemented.

The dispute, which occupied the front pages of most Paris newspapers yesterday, was triggered by M Jacques Delors, the Finance Minister. He said on radio that "it was necessary to signal a pause in the announcement of new reforms" and to consolidate those already undertaken.

M Delors said that the announcement of major tax reforms and of an overhaul of the country's costly social security programme went too far: more time was needed for reflection.

In citing these examples, M Delors trod on the toes of M Pierre Mauroy, the Prime Minister, who has placed both measures on the government's agenda for next year, and in the toes of M Laurent Fabius, his own junior minister, who is responsible for the Budget.

M Mauroy has publicly rebutted the Finance Minister, saying generally that the government would carry through its reforms "in a continuous and permanent way" with a view to bringing about durable changes in French society.

During a tour of the Rhone-Alpes region, he repeated the government's commitment to urgent changes in the tax and social security system—adding to these, to leave his audiences in no doubt, a reform of the labour laws.

None of this amounts to a serious split in the cabinet, but it highlights the dilemma in which the Socialists find themselves.

M Delors's anxiety is that the hectic pace of change will have a disruptive impact on investment and thus stall the recovery of the economy on which the Government is pinning its hopes of creating jobs.

M Delors, perhaps the most pragmatic of economic ministers, also fears that the Socialists could leave a graveyard of laws and reforms unimplemented—"the most crowded of all French graveyards," he said on Sunday.

M Mauroy is far closer to the pulse of the rank-and-file of the party and their impatience for change, while also alert to the dangers of providing the Communist partners in the coalition with ammunition that the Government is reneging on its programme.

M Lionel Jospin, the Socialist First Secretary, is shortly to have a meeting to review strategy with M Georges Marchais, the Communist Party's General Secretary.

East Germany underlines its friendly links

By Leslie Colitt in East Berlin

EAST GERMANY'S Communist leader and president, Herr Erich Honecker, has met his Czechoslovak counterpart, Mr Gustav Husak, in a demonstration of East Berlin's unswerving allegiance to the communist system before Herr Honecker's planned meeting with Chancellor Helmut Schmidt, of West Germany.

East European officials said the previously unannounced meeting in Prague was timed to coincide with current preparation for a German summit meeting to be held near East Berlin. East Germany, they said, wishes to demonstrate that it has a friendly communist neighbour, Czechoslovakia, at a time when neighbouring Poland has become more of a liability than an ally.

Herr Honecker's delegation contained his leading economic advisers, which underlined that in addition to Poland, the economic malaise in Comecon was an important subject of the talks. Czechoslovakia's economy is in a serious slump similar to that of the late 1960s, which led to the brief emergence in 1968 of reform Communism under Mr Alexander Dubcek.

Paris urges wider role for WEU

BY DAVID WHITE IN PARIS

THE FRENCH Government yesterday put forward tentative proposals for increasing the role of the Western European Union (WEU), the seven-nation body devoted principally to defence questions.

The plans were outlined by M Georges Lemoine, Secretary of State at the French Defence Ministry, at the Union's parliamentary assembly in Paris.

French ministers have recently underlined the special function of the WEU, at the same time brushing aside prospects of bringing defence within the range of European Community institutions. Their enthusiasm contrasts with the attitude of the previous Government.

M Claude Cheysson, France's Foreign Minister, called in an interview with Le Monde yesterday for a "reawakening" of the WEU, which groups Britain and the original six members of the Community.

The organisation, governed by the modified Brussels Treaty of 1954 which commits members to mutual defence, can be fairly described as dormant — particularly its intergovernmental council. However, the proposals put forward yesterday by France referred mainly to widening the scope of the parliamentary assembly, which mets twice a year.

M Lemoine said the assembly could be used to investigate the causes behind the recent upsurge of the pacifist movement in Europe. It might also be called on to draw up a report on the East-West nuclear balance and the comparative strength of land-based forces in Europe.

He aroused some surprise by the tone of his comments on the recent peace marches, which he said stemmed from an "irrational reaction."

"In the name of a poorly understood kind of pacifism, some people seem to fear the arms that are destined for their protection more than the arsenals directed against them," he said. The Socialist Party's communist allies in government have been active in backing the peace movement here.

Mr Peter Blaker, Britain's Minister of State for the Armed Forces, also placed emphasis on the WEU's role "in increasing public understanding of Western defence policies." He firmly denied recent French reports that the UK might want to reduce its treaty commitment with regard to the British Army of the Rhine. He said Britain would keep its 55,000 men in West Germany.

Threat of wage restraint clouds Dutch pay round

BY CHARLES BATCHELOR IN AMSTERDAM

THE THREAT of a third year of government-imposed wage controls hangs over the Dutch 1982 wage round, which begins today.

The new left-of-centre government hopes to peg the average level of wage rises to 6 per cent next year, instead of the 8 per cent previously forecast.

Unless unions and employers can agree on moderate rises, it has said, wage controls will remain. There seems little hope of national agreement between the three sides.

The two largest union federations, the 2m member Netherlands Trade Union Confederation (FNV) and the 304,000 member Christian Trade Union Federation (CNV) are both highly critical of the government's job creation programme.

Mr Joop Den Uyl, Social Affairs Minister and Labour Party Leader, last month announced plans to create some 60,000 jobs in 1982 in a bid to reduce unemployment, now at a record 423,000 or 10 per cent of the workforce. However the Central Planning Office, the main government forecasting agency, said on Friday that the plan would create only 5,000 new jobs.

The average level of unemployment will rise to 475,000 next year, 15,000 more than was forecast in September and 95,000 more than in 1981.

In a new departure, the FNV is in favour of decentralised wage negotiations. This would allow workers in the more buoyant sectors of the economy, such as banking and insurance, to demand larger wage increases.

Community aid increased last year

By Our Brussels Staff

EUROPEAN COMMUNITY aid given to the 60 African, Caribbean and Pacific Ocean (ACP) countries grouped under the EEC's Lome Convention trade and aid arrangements increased last year to about $503m (£264m), a rise of more than 22 per cent over 1979.

The European Commission, in its annual report to the ACP-EEC Council of Ministers on financial and technical co-operation, said that aid commitments for the year were $656.3m for longer-term projects.

Since the first Lome arrangements came into force in 1976, the European Investment Bank (EIB) had committed about $3.37bn at current rates, or nearly 90 per cent of the aid funds available.

Sugar dispute, Page 31

John Wyles in Brussels, throws light on the complexities of last week's European summit

EEC ministers forced to face reality on key issues

"SOME THINGS defy simple analysis. It was rather less than a great political success, but by no means a dishonourable failure."

So said a weary and still rather confused official reflecting on last week's EEC summit in London. Like many of his colleagues in Brussels, he has spent the last 48 hours trying to establish exactly what the heads of government did achieve, since no summary conclusions were issued and all but a handful of officials were excluded from the summit sanctum.

It would not be surprising if several government leaders returned to their capitals in some confusion as to where the EEC has been left in its search for a "global" agreement on developing new policies, Common Agricultural Policy (CAP) reform and budget restructuring.

The summit did identify four key issues upon which a special meeting of foreign ministers in London is to try to agree guidelines before Christmas. It also apparently settled guidelines of its own for strengthening the EEC's regional and social funds and developing new policies for industrial regeneration and innovation, although these have yet to see the light of day.

On agriculture, the heads of government may have reached a consensus on the need for a "prudent pricing policy" in the future qualified by the need to ensure a fair income for farmers. They were also, it seems, close to a form of words committing the EEC to realigning its cereals prices closer to those of its main competitors, in parallel with an effort to persuade suppliers of cereals substitutes, principally the U.S., to moderate their exports.

But the foreign ministers, whose task was largely confined to taking notes of the proceedings, will have to take up where their principals left off on the issues of milk, Mediterranean agriculture, the CAP's share of the budget and new arrangements to limit the UK's net payments to the Brussels budget.

In spite of the lingering uncertainty, several conclusions can be drawn about the London summit. The first is that in spite of the sharp conflicts of national interest, there was a general desire for an agreement and an anxiety to avoid any kind of acrimonious breakdown. This was exemplified by the extraordinary efforts made last Friday afternoon to break the back of the problem

Under pressure from Mrs Margaret Thatcher, the summit chairman, aided by Chancellor Helmut Schmidt of West Germany, heads of government were forced into a head-splitting embrace over such issues as the impact of a special milk franchise on dairy farmers and the advantages of changing support mechanisms for the EEC's fruit and vegetable regime.

As a result, the summit presented a rare picture of political power grappling with technical—but absolutely crucial—detail. Most of the participants were forced to struggle for the first time with minutiae normally left to ministerial subordinates because the EEC is, ultimately, about details which have an enormous impact on national interests.

The final conclusion is that such summits are ill-equipped to deal with such details. They are too short, their agendas are too long and they suffer from the exclusion of specialist officials. This is an important point because Herr Schmidt and some observers took the view that the summit's progress was actually impeded by officials.

The charge is that the draft conclusions produced overnight on Thursday by an official working group wasted the momentum which the summit had established on Thursday afternoon, when some delegations began to believe that a full agreement was possible. This document was, indeed a mess, littered with reservations by one member state or another.

Helmut Schmidt (left) and Margaret Thatcher: put heads of government under pressure to grapple with crucial detail. Francois Mitterrand (right): incoherent position.

However, the blame should rest with heads of government who failed to brief their officials in the same spirit in which they had spoken in the meeting. The French position was particularly incoherent. President Francois Mitterrand had in attendance Mme Edith Cresson, the Agriculture Minister and M Andre Chandernagor, the European Affairs Minister, who were allowed to encourage a tougher French line in the drafting group than had emerged in the summit.

More generally however, as one British official observed, the difficulties of the drafting group revealed that the effort of putting words on paper "brought everyone up against reality." The same reality will confront the foreign ministers in several ways.

However genuine the need, and sincere the desire to reform the CAP and make it more economical, agricultural interest remains firmly entrenched and may even have been strengthened as a result of M Mitterrand's election and the new Socialist government in Greece.

Most governments are unwilling to do anything to squeeze farm incomes and, indeed, favour various aid measures which, together with an expansion of Mediterranean agriculture, could add further to the costs of the CAP.

The fewer the economies wrung from the CAP, the harder the British Government will fight for substantial long-term limits on its budget payments to Brussels. The trade-off is already being made clear to the other member states and it means that the ad hoc arrangements which have pegged back the UK's net contributions in 1980-81 will not be acceptable again. When Mrs Thatcher talked at the summit of a new arrangement lasting at least seven years, she meant it.

The issues which foreign ministers must try to settle at their informal London meeting are:

● **Milk:** Whether overproduction in this high-spending sector, taking up more than 30 per cent of the budget, should be curbed by a special levy on all extra output above present levels. France and Ireland want to avoid such a commitment and also want to exempt small farmers from an existing "co-responsibility" levy designed to recoup some of the costs of the surplus. The UK, West Germany and the Netherlands are opposed to any special deal for small farmers.

● **Mediterranean agriculture:** France, Italy and Greece are insisting on boosting EEC aid for producers of olive oil, wine, fruit and vegetables. Most other delegations see this as opening the door to huge extra costs when Spain and Portugal join the EEC.

● **Budgetary impact of the CAP:** Most delegations favour a formula limiting the growth of CAP costs below the rise in the EEC's budget revenues. However, the form of words is all important and France, Ireland, Denmark, Italy and Greece oppose any commitment which would impose a permanent ceiling in the growth of farm spending.

● **UK budget arrangement:** There are sharp differences between the UK and the other members as to how Britain's payments should be limited and for how long. France appears to be speaking for the majority in favouring fixed rebates to the UK, which would reduce in size over three or four years. The British favour a corrective arrangement, which would take into account the development of new policies favouring the UK and its relative position in the EEC's prosperity league.

The cost of the arrangement would be funded by the more prosperous member states with a special adjustment for West Germany if Bonn maintains that the current level of its budget payments is already unacceptable. The new deal would be reviewed after seven years.

The optimistic hope is that the foreign ministers will be able to agree guidelines for endorsement by the heads of government at or before the next European Council in March. The fear is that a new atmosphere of crisis may be needed before agreements start to fall into place.

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OVERSEAS NEWS

Knesset vote forces Sharon's return

By David Lennon in Tel Aviv

MR ARIEL SHARON, the Israeli Defence Minister is cutting short his stay in the U.S. and flying home today to help defend the Government against a series of no confidence motions in the Knesset over the U.S.-Israel strategic co-operation accord signed in Washington on Monday night.

Mr Sharon hailed the new agreement as a major achievement, but the Opposition parties here sharply attacked the accord as offering nothing new to Israel while publicly declaring the country as an enemy of the Soviet Union.

The agreement, which was reached after three months of negotiations, states that the co-operation "is designed against the threat to peace and security of the region caused by the Soviet Union or Soviet-controlled forces from outside the region. . . ."

The Labour Party and three other Opposition factions complained yesterday that this is the first time ever that Israel has openly committed itself in a written document to take action against Soviet aggression in the region.

Mr Yitzhak Rabin, the former Labour Prime Minister, denounced the agreement which, he said, committed Israel's armed forces to carry out operations in the region against targets which are not directly connected with the country's defence.

He cautioned that while Israel had undertaken to help the U.S. fight Soviet activity in the area, Washington was not committed to come to Israel's aid if it is attacked.

Some coalition members of the Knesset are also angry that they were not informed of the details of the agreement

To re-assure coalition members and answer the Opposition charges, the Defence Minister had to cancel meetings in the U.S. and return home for this evening's debate.

Mr Sharon has described the memorandum as a major achievement which will have important political and economic benefits for Israel. He said that a secret annexe will be attached to it, spelling out the American undertaking to help Israeli military industries through purchases of equipment for the U.S. army.

OPENING the Congress: Zhao Ziyang (above) and Wang Bingquian

Tony Walker reports on the National People's Congress in Peking, staging its only sitting this year

China's leaders plan to purge bureaucracy

CHINA PLANS a purge of its bloated and inefficient bureaucracy, leading to an amalgamation of departments and forced retirements of staff.

Zhao Ziyang, the Chinese Premier, told Deputies to the National People's Congress, meeting in Peking, that bureaucracy was a serious obstacle to China's modernisation. He also warned Government functionaries against corruption which he said, was "rife" in some areas.

Zhao attacked the influence among officials of "corrupting ideas" from the West, that had flowed from the rapid increase in international exchanges.

His attacks on "bureaucratism," as it is called in Peking, went much further than similar criticism made at last year's Congress by the outgoing Premier, Hua Guofeng.

The tone of Zhao's speech suggests that the dominant moderate faction in the leadership, centring around the powerful party vice-chairman, Deng Xiaoping, has decided to "take on" those they regard as obstructionists in the bureaucracy.

Zhao's speech conforms with recent published articles quoting attacks by Deng on corruption and slothfulness among Chinese bureaucrats.

Zhao and other senior officials have been making it known privately for some time that patience is running out with middle-level cadres who are either unwilling or unable to assist in China's modernisation.

The leadership has set itself an enormous task in its efforts to streamline the Chinese bureacracy, which has a legendary reputation for defying attempts to interfere with its activities.

Zhao's speech was more doctrinaire than some observers expected. His attacks on "bourgeois ideology" were perhaps a concession to hardliners in the leadership. They are not happy with influences from the West which have been the inevitable result of China's increased business dealings with the outside world.

The inroads of "corrupt bourgeois ideology" had led to the recurrence in some places of a mentality that disregards national dignity, Zhao went on.

He did not specify what he meant, but said that a trend resulting from "bourgeois liberalism," to shake off party leadership and get away from the Socialist orbit, must be resolutely overcome.

"Bourgeois liberalism" is a Chinese code-phrase for the influence of Western ideas.

Zhao was sharply critical of what he described as the laxity of leadership in some areas of the bureaucracy which he said, had led to "criminal activities" such as speculation, smuggling, tax evasion, embezzlement and bribery.

Such activities would be seriously dealt with. Government functionaries engaging in them would all be severely punished.

The Premier's speech is certain to worry many Chinese bureaucrats. Reform of the bureaucracy will begin at national level, then extend to the provinces in what Zhao described as a move to overcome bureaucracy and raise efficiency.

A "fairly large" reduction in organisation would take place, along with amalgamation of departments, maximum reduction of staff, and a fairly big shuffle of leading members, Zhao went on.

One of the apparent aims of this reshuffle is to clear away aged officials who refuse to give up their jobs for younger men because it would mean relinquishing their privileges.

Zhao revealed that the Communist Party Central Committee had "asked" the State Council, China's Cabinet, to look at the problem of bureaucracy. The State Council had decided to take firm steps to trim the "bloated and overlapping administrative structure."

Legislation should be passed to specify functions of the various components of the Chinese bureaucracy, Zhao added. There must be a strict assessment and a system of reward and punishment for Government functionaries. The drive to improve the bureaucracy would start from the beginning of next year.

On China's economic programme, Zhao said growth rates for the sixth Five Year Plan (1981-1985) would be held back in line with the policy of readjustment.

The aim was to ensure that national income would increase at an equal or approximately equal rate with gross output of industry and agriculture.

A greater portion of national income would be used to improve people's living standards.

Main budget points

MAIN points from the Budget speech include:

- **China's fight against crime is partly responsible for an $800m overrun in administrative expenses this financial year. Another big factor was payments to demobilised soldiers as a result of an overall reduction in the size of the army.**
- **The budget deficit this year had been brought down to $1.6bn compared with about $7.5bn last year.**
- **Domestic revenue in 1981 amounted to some $57.8bn and appropriations for capital construction using foreign loans had amounted to some $4.7bn. Expenditure amounted to about $63.8bn or 2.6 per cent over budget estimates.**
- **Treasury bonds issued this year under a policy aimed at mopping excess liquidity had amounted to some $2.8bn, while an additional $4.1bn had been borrowed from "local revenue." Presumably these funds were used to help finance the deficit.**
- **Money supply had been reduced below the level of last year, and inflation had been brought down, though no figures were given.**
- **Further work will be done to improve the financial system and to draft laws and regulations covering accounting, costs and depreciation of fixed assets.**

'Economic adjustment' foils attempts to balance budget

EVEN THOUGH China this week reported a sharp reduction in its deficit for 1981, it faces a serious and continuing problem balancing revenue and expenditure.

Wang Bingqian, the Finance Minister, in his budget speech to the National People's Congress now meeting in Peking, noted that the need for increased price subsidies across a range of goods and services made the task of balancing the budget very difficult.

Wang was hinting at a looming problem for China's economic planners—the extreme pressure from concerned officials for a round of price increases in such basic areas as housing, energy and transport.

The low prices for these were fixed in the 1950s and now bear no relation to their production costs. They encourage wastefulness and distort the economy by making much of China's processing industry appear profitable when it is not.

China's leadership would not need reminding of the politically unpopular inflationary consequences of price rises in these areas. Inflation experienced in China over the past few years has been mainly the result of excessive demand for scarce resources.

The difficulties confronting the state financial structure remained big, Wang said. Economic readjustment has inhibited revenues, while price subsidies would have to be increased.

It would take quite a long period of strenuous effort to achieve a basically balanced budget and balanced credit payments, he said. He revealed that China was budgeting for a deficit tof some $1.7bn in 1982.

Saudis charge Iran with joint anti-Iraq plan

BY IHSAN HIJAZI IN BEIRUT

SAUDI ARABIA has come out in open and strong support of Iraq in the Gulf war, which has entered its second year. A leading Saudi newspaper Okaz yesterday accused Ayatollah Ruhollah Khomeini, the Iranian religious leader, of co-operating with Israel to drain Iraq's energy and stop it from joining the Arab confrontation with the Zionist enemy.

The newspaper, whose article was quoted by the State-controlled Riyadh radio, charged that Israel had thrown "all its military might behind Khomeini," and that it was thanks to this backing that Teheran has rejected all efforts aimed at bringing about a peaceful end to the Gulf confrontation.

The article followed reports that Saudi Crown Prince Fahd had assured Iraqi officials of Saudi support for their demands. The assurance was said to have been extended at a meeting in Fez last week.

Iraq is insisting that Iran recognise Baghdad's sovereignty over the total length of the Shatt al Arab waterway.

Saudi-Iranian relations took a sharp turn for the worse following recent statements by Ayatollah Khomeini in which he strongly deplored Prince Fahd's eight-point plan for a Middle East settlement.

India's trade deficit falls sharply

By Our New Delhi Correspondent

INDIA's trade deficit has been reduced significantly, according to half-yearly figures announced yesterday for April to September. The Commerce Ministry said that exports for the period totalled RS2bn (£1.83bn) compared with R38bn in the same period of 1980, a rise of 16.6 per cent.

Imports in the first six months amounted to R56bn compared with R57bn in the same period last year, registering an actual fall

The rise in export earnings has come about partly because of world inflation, and also because industrial production in India has risen.

U.S. to send Pakistan F-16s 'within months'

BY K. K. SHARMA IN NEW DELHI

The Indian Government has information that the U.S. will deliver F-16 aircraft to Pakistan "very soon," Mr Shivraj Patil, Defence Minister, told Parliament yesterday.

He suggested that the deliveries would take place within a few months rather than in 1984 as thought earlier.

Mr Patil expressed concern at the large-scale military assistance to Pakistan being given by the U.S. and said the Indian Government was taking short-term and long-term measures to ensure security. "We are acting swiftly and in a planned manner," he said.

Part of this is thought to be the acquisition of the French Mirage 2000 for the Indian Air Force, although Mr Patil denied his deal had anything to do with the supply of F-16s to Pakistan. Talks on the supply of the Mirages had begun long before the U.S. offered military assistance to Islamabad, he added.

The Minister thought it "strange" that Pakistan was now offering to discuss a "no war" pack with India at a time when it was acquiring modern weaponry on a large scale. Acquisition of F-16s and other weapons would "tilt the balance" in favour of Pakistan, he declared.

Angola accuses S. Africa of oil refinery sabotage

BY QUENTIN PEEL, AFRICA EDITOR

South Africa of responsibility for the sabotage of the country's only oil refinery, and produced the bodies of two white men said to have blown themselves up in the operation.

The charge was promptly denied by a military official in Pretoria, while Dr Jonas Savimbi, leader of the dissident Unita guerrilla organisation opposed to the Angolan Government, claimed to have carried out the attack.

Damage to the Petrangol refinery on the outskirts of Luanda is less serious than first feared, after fires raged out of control on Monday.

An official of Petrofina, the Belgian oil company with a 55 per cent interest in the plant, said it would take two months for repairs to be completed and full operation to resume.

Lt-Col Pedro Van-Dunem, Angolan Minister of Oil and Energy, said in Luanda that the fire was "an act of economic sabotage by racist South Africa, using a group of white mercenaries," according to Angop, the official Angolan news agency.

The blaze "had been caused by powerful bombs which exploded in strategic parts of the complex."

Angola would have to import a variety of refined products until the refinery was back to full production.

Pressure rising for action on steel imports

BY IAN HARGREAVES IN NEW YORK

IMPORTED STEEL took 22 per cent of the U.S. steel market in October, up from 20.5 per cent in September. The increase was led by a surge in exports from the European Community.

The figures, released by the American Iron and Steel Institute, will provide the latest material in the U.S.-EEC drama over the steel trade, which now seems to be moving into its final act, with a meeting planned for Friday between the Administration, probably including President Reagan, and steel industry leaders.

The steel trade is also expected to figure prominently on the agenda of a meeting of EEC Industry Ministers on December 10 and a day later at a meeting involving Mr Alexander Haig, the Secretary of State, and three of the EEC Commissioners, including Mr Gaston Thorn, president of the European Commission.

Although secrecy was being maintained yesterday over the Administration's intentions, it seems certain that an effort will be made to persuade industry leaders, notably U.S. Steel, to drop their suits, which allege that steelmakers from nine countries are either dumping steel in the U.S. or being unfairly subsidised in their own countries.

The steelmakers will be reminded that if they go ahead alone with their suits, which cover almost 70 per cent of imported steel products, the trigger price mechanism used to set minimum fair prices for foreign steel in the U.S. will be suspended.

The Commerce Department wants to be allowed to press ahead with its own, much more limited dumping suits, and to continue to administer the trigger prices.

Meanwhile, there are suggestions in EEC circles that perhaps the Community could offer a toughening up of the trigger price in return for a complete ceasefire on litigation.

With so many political pressures, the four steel industry leaders expected to attend Friday's meeting will find it difficult to hold out, especially as the leading hawk, U.S. Steel, is also under criticism in Washington for using its cash reserves and borrowing power to bid $6.4bn for Marathon Oil rather than in modernising its plant.

Meanwhile, from the industry's viewpoint, the evidence that the trigger price system and the Commerce Department's policing of it is not working continues to mount in the import figures. The October figures showed imports at 1.87m tonnes, up 7.1 per cent from September and up 64 per cent from October 1980.

The EEC was again the main culprit, shipping 699,000 tonnes of steel in October, the highest monthly total from the Common Market for over two years.

WHITEHALL MANDARIN SPREADS FAITH

U.S. investors' confidence grows in British industry

BY IAN HARGREAVES IN NEW YORK

Sir Peter Carey

BRITAIN MAY be suffering a crisis of confidence about its own economy, but such negative thinking about the UK has not so far taken root on the other side of the Atlantic.

That, at least, is the view of Sir Peter Carey, the Permanent Secretary in Britain's Department of Industry, who has just completed a fortnight's tour of the U.S., taking in visits to some of Britain's most important U.S. investors, including NCR, International Telephone and Telegraph, Cummins Engine, Ingersoll Rand, Kidde, CPC, the Large Food Company, Xerox and a number of others with interests in the North Sea.

"Obviously there will not be an improvement in American investment in Britain until we see the end of the recession," he says. But Sir Peter insists that this cyclical attitude is not reinforced by any more general lack of confidence either in the British workforce or in the economic policies of Mrs Margaret Thatcher, the Prime Minister.

"American businessmen have been impressed by the resolution of the British Government and Mrs Thatcher is popular with most of them," he observes, "although they are keenly interested in how the situation will develop and whether the approach can be sustained."

Sir Peter's views, although obviously tinged with a salesman's perception of his own wares, appear to be borne out by the figures, which show Britain gradually increasing its share of U.S. investment overseas in recent years.

According to U.S. Department of Commerce statistics, total manufacturing investment by U.S. companies in Britain amounted to $7bn (£3.6bn) in 1976, which represented 12.6 per cent of total investment worldwide. By 1979, the last year for which these comprehensive numbers—based upon book value of assets acquired—are available, the figure was $12bn (£6.1bn), representing 14.3 per cent of the total.

Since then, preliminary figures based solely upon capital expenditures, and therefore excluding, for example, investment by merger, put the UK share of U.S. world spending at 15.8 per cent in 1980 and an estimated 15.7 per cent for this year.

Much of this, of course, represents the natural momentum from earlier years among such major investors as Ford and General Motors, although it also has to take into account some substantial disinvestment by, for example, the U.S. tyre and chemical industries.

The UK experience, incidentally, is fairly closely in line with that of the EEC as a whole. U.S. manufacturing investment in the EEC in 1976 amounted to $25.1bn or 41 per cent of the total worldwide. By 1979, this had reached $36.4bn or 43.5 per cent.

The fact that U.S. investment in Britain has plotted such a steady—if unspectacular—trend line is probably evidence that the truth about U.S. perceptions of Britain as a place for investment lies somewhere between the rosy view of a civil servant, whose job it has been to promote these attractions, and that of a journalist accustomed to hearing from U.S. businessmen their manifold tales of frustration.

An unusually lucid and forthright expression of this negative view can be found in the current issue of Business Week, the U.S. magazine, which argues that Europe's political, social and economic problems will prevent further real growth of U.S. investment there and probably destroy the EEC and perhaps the North Atlantic Treaty Organisation en route.

Sir Peter concedes that he heard some of these complaints during his trip, but that they were balanced by complimentary comments.

Indeed, he says the only obvious snub of his visit came not on the subject of labour or productivity, but in the area of monopoly policy, when a representative of Ensearch, the energy and engineering group, recently thwarted by the British Government in its desire to take over the Davy Corporation, refused to attend a dinner in Sir Peter's honour in Dallas.

Among the things currently working to Britain's advantage in attracting investment, as Sir Peter was made aware at several meetings, is significant U.S. anxiety about the course of the Mitterrand Government in France, which far outshadows as a political bogey any of the off-stage thunderings of the Labour Left in Britain.

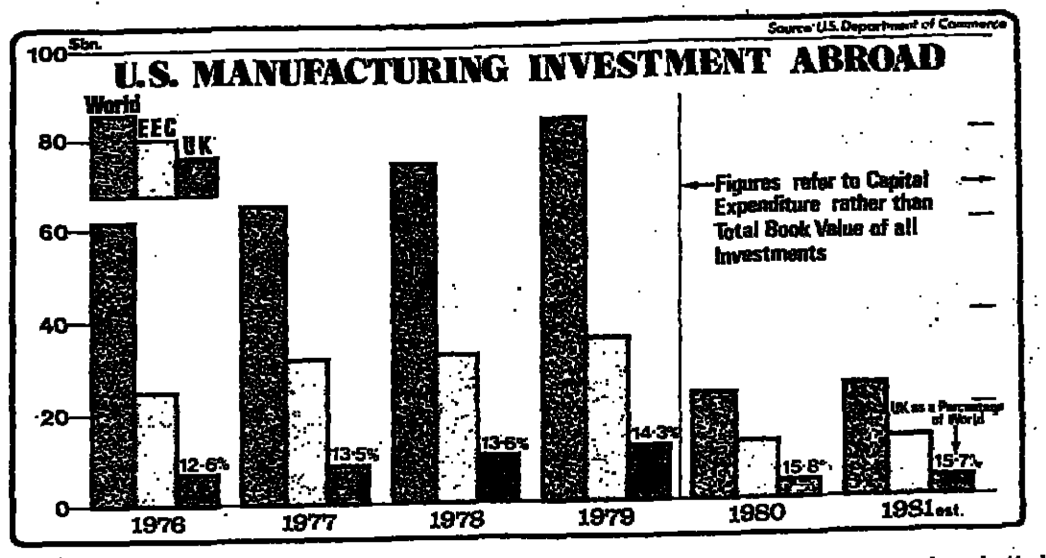
Indeed, Sir Peter found either a poorly informed audience or a degree of politesse untypical of U.S. businessmen over the subject of Britain's current political re-shaping at the hands of the Social Democratic-Liberal Alliance. Perhaps more important, given the nature of the Government's sales pitch for the UK as a stepping stone to serving the European Community, "I was not particularly probed about the prospect of us coming out of the EEC," said Sir Peter.

He did, however, find a few people discussing the demise of the motor-car industry in Britain ("I very firmly rebutted that idea") and lots of interest in the prospects for Britain's as yet infant cable television industry.

Although cable television will never be a large industry by comparison with the machinery sector, it is one of those areas which does offer growth potential.

Unfortunately, up-to-date figures are not kept on U.S. investment in invisible services, such as banking, insurance or television programming, which is particularly regrettable because of the rapid growth in these areas in the past couple of years and the likely growth ahead.

The oil industry, of course, is a special case. Last year, more capital was spent by U.S. companies on UK oil activities, $3.5bn, than in the entire manufacturing sector. As that total peaks and then tapers off later this decade, Sir Peter's successors will need new apples in their basket if Britain is to keep the special place in U.S. investment plans, which the links of a common language and interconnected history suggest it ought to have.



BREAKDOWN OF U.S. MANUFACTURING INVESTMENT IN BRITAIN BY SECTOR
(all figures in $bn)

	Foods	Chemicals	Metals	Machinery	Transport equipment	Other
1976	0.7	1.3	0.4	2.5	1.1	1.7
1978	0.9	2.1	0.4	3.1	1.5	2.1

Source: U.S. Department of Commerce

Allen may not return to White House post

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Reagan's senior aides are now hinting that Mr Richard Allen, the National Security Adviser, may not return to his job even if he is cleared by a Justice Department investigation into his receipt of $1,000 (£520) from a Japanese magazine last January.

Mr Edwin Meese, the White House counsellor, who is said to be Mr Allen's strongest defender, now says that Mr Allen's reinstatement will be influenced, but not necessarily determined by the outcome of the inquiry. Mr Allen has taken "administrative leave" while the investigation continues.

Mr Meese has now swung round to the view that Mr Allen made "a rather unusually extensive mistake" in taking possession of the cash—intended as a "thank you" fee for an interview with Mrs Nancy Reagan—and then leaving it apparently forgotten in a safe for eight months.

At a Republican dinner attended by Mr Reagan in Cincinnati on Monday, journalists, who were excluded from the dinner, overheard Mr Richard Richards, the Republican national chairman, predict that Mr Allen would not return. Mr Richards was heard through a thin partition to say that Washington speculation was that his place would be taken by General Brent Scowcroft, a former senior security official.

In addition to the Japanese cash, Mr Allen told the New York Times yesterday that there were a few other gifts in the safe, of insignificant value.

Mr Allen said the gifts included three bottles of Russian wine from the Soviet Embassy, a ceramic Japanese sake cup worth about $5, a paperweight medallion on a small stand used to display Japanese watermarked paper, and a black-lacquered wooden plate.

Brazil confirms voting changes

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S Government has published details of the drastic electoral changes it is determined to impose on the country's political parties. These were first announced last week by President Joao Figueiredo.

There are no major changes in the proposals, which introduce a rigid form of slate-voting which will greatly benefit the ruling Partido Democratico Social. It was also confirmed that national elections would be held to all elected posts except the presidency on November 15 next year.

Until last week's surprise move Ministers were pressing the Opposition parties to accept the holding of elections in two rounds, with the second and more important posts being contested in early 1983.

The formal justification for the new electoral law, as explained in a letter from the Minister of Justice to the President, is that it would strengthen the parties and resovle institutional problems.

One concession to those parties which do not have the grassroots network of the PDS is that in areas where a party cannot muster enough members to hold a selection conference, it will be able to present an incomplete slate of candidates.

Reagan may seek compromise on cuts

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan and his Republican supporters in Congress are hoping to avoid a damaging reptition of last week's budgetary deadlock in which Mr Reagan dramatically cast his first Presidential veto.

With only two weeks to go before the next Budget deadline, and Mr Reagan now back in the White House from his Californian holiday, the Republicans have started a serious attempt to reach a compromise solution acceptable all round.

Mr Reagan vetoed a stop-gap Bill authorising spending of $428bn (£217bn) which failed to meet his demands for extra spending cuts in the 1982 Budget. He left Congress confused, however, over the precise level of cuts he would settle for.

Most Congressmen now believe Mr Reagan will accept cuts of about $4bn

Mexico grants asylum to liberal exile

By William Chislett in Mexico City

MEXICO has granted political asylum to Col Adolfo Majano, former liberal member of the ruling junta in El Salvador, who was forced into exile by the country's right-wing military establishment almost a year ago.

Col Majano arrived in Mexico City on Monday and was immediately granted asylum by the Mexican authorities. He is understood to have spent most of the past year in the U.S.

Mexico recognises the left-wing guerrillas in El Salvador as a "representative political force." It is trying, with several other countries, to push for a negotiated political settlement through the United Nations.

There were suggestions yesterday that Col Majano might be involved in Mexico's efforts

Salvador's President again pleads for aid

BY DAVID BUCHAN IN WASHINGTON

EL SALVADOR'S President, SR Jose Napoleon Duarte has launched a fresh appeal in the U.S. for support for his "little country" against extremist rebels.

His plea came as the White House stepped up its warnings against Communist intervention in Central America.

Speaking at the Miami conference on the Caribbean region, Sr Duarte, leader of the U.S.-backed junta, attacked extremists of both Right and Left for trying to derail his effort to hold elections next March, and conduct a middle-of-the-road "social revolution."

Meanwhile, Mr Edwin Meese, President Reagan's chief policy adviser, yesterday reiterated the Administration's concern over extremism from the Left in El Salvador.

In an interview, he gave strong support to recent warnings about Communist subversion by Mr Alexander Haig, U.S. Secretary of State, which Mr Haig is expected to sound again at the Organisation of American States (OAS) meeting in St. Lucia, which starts today.

In view of frequent publicised disputes between Mr Haig and the White House, Mr Meese's unequivocal support was highly significant.

"I think the Secretary of State has been plotting very carefully a course that puts Cuba, Nicaragua and other countries engaged in aggression in Central America on warning," he said.

"Al Haig has done an excellent job of portraying the position of this Administration, which is, that we will not countenance subversion

Energy Review: Mexico's electricity development

By William Chislett in Mexico City

Massive programme attracts world's nuclear companies

THE WORLD'S nuclear power industry is scurrying to Mexico. The Mexican Government is seeking bids for the first stage of an immensely ambitious nuclear power programme, which aims to install 20,000Mw by the year 2000 at a cost in current terms of more than $30bn.

Since the programme is bigger than Mexico's present electric capacity from all sources, executives from seven power companies are now courting favour with the Government.

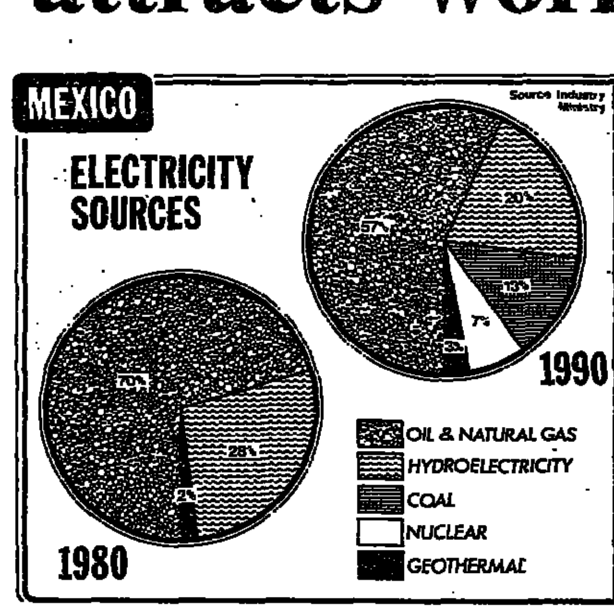
Mexico, the world's fourth largest oil power, has proven reserves of oil and natural gas of 72bn barrels, sufficient to meet the country's energy needs for at least 60 years. The ultimate reserves are likely to be much higher since the current figure is based only on exploratory work in some 10 per cent of the 2.5m square km of sedimentary land.

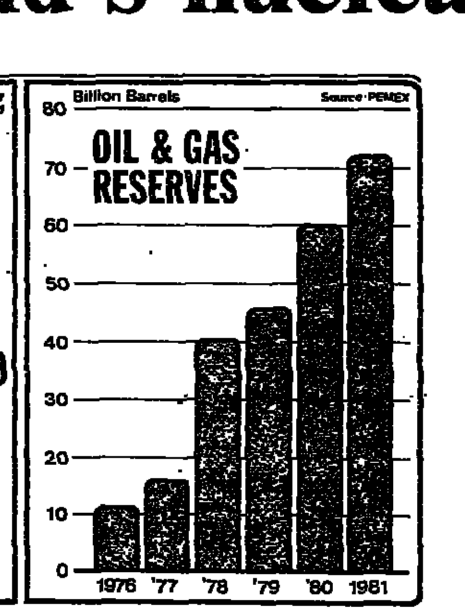
But in spite of the fact that the country appears to be awash with oil and will earn about $16bn from oil exports this year, the Government has decided to diversify its energy sources and prepare for the possibility, remote as it may seem, that one day Mexico's oil wells may dry up.

At the present furious rate of development to industrialise the country, Mexico will consume the equivalent of about 6m barrels a day by AD 2000—five times the present amount.

Eight times as much electricity will be needed by then to maintain a target of doubling industrial capacity every seven years while maintaining an average annual economic growth rate in real terms of 8 per cent—coupled with a population increase of 2m a year.

The aim is to reduce the role of oil and natural gas in electricity generation from 70 per cent at present to 57 per cent by 1990, when nuclear power could represent 7 per cent. By AD 2000 nuclear power could be supplying 20 per cent of electricity if the 20,000 Mw are installed.





Bob Hutchison

Mexico's "nuclear Olympics" are fraught with technical, political and financing problems. The cost of the ambitious programme has raised eyebrows in some quarters since Mexico's external financial position is deteriorating in spite of its oil riches. The country's total foreign debt of an estimated $63.7bn is now on a par with Brazil.

The country's first nuclear power plant at Laguna Verde in the state of Veracruz, consisting of two reactors designed to produce 1,300Mw, is to start up in 1984—seven years after the target date.

Delays caused by changes in contractors, Government indecision and the lack of experience of the Mexican construction team have doubled the cost of the Laguna Verde project to over $1.5bn.

Nevertheless, despite that bitter experience, the Government is determined to push ahead with a nuclear power programme, although the goal of the year 2000 is wishful thinking.

Requests for bids for a second nuclear power station at Laguna Verde with a capacity of 2,300Mw went out in October to Atomic Energy of Canada, ASEA-Atom (Sweden), Combustion Engineering, U.S. General Electric and Westinghouse, Framatome (France) and Kraftwerk Union (West Germany).

Tenders are due in to the Federal Electricity Commission in February and the contract worth over $2bn will be awarded at the end of 1982.

Mexico has a very carefree attitude to energy consumption, which is not surprising since petrol is only 25p a gallon, a price which has not risen in five years. Mexico is one of the most wasteful countries in the world. Home demand for oil is growing 1.7 times faster than the gross domestic product. That is a high ratio, even by the standards of industrialised nations.

The nuclear programme, therefore, is part of an overall plan to rationalise the use of oil and use other energy sources. The Government is contemplating an increase in the domestic price of petrol in 1982.

"Even if our hydrocarbon potential is enormous by world standards, hydrocarbons are much too valuable to be used for electricity production when there are other sources available," Sr Juan Eibenschutz, the planning director for the Federal Electricity Commission, told an international energy conference in Mexico City last month.

Mexico faces two basic reactor choices in its nuclear programme. It can either use light water reactors which run on enriched uranium, or heavy water reactors such as Canada's Candu system, which operate with natural uranium. Six of the seven competing companies offer light water reactors.

Mexico has 10,000 tonnes of proven uranium reserves and geologists believe a lot more will be discovered in the next decade. Uramex, the state-run organisation responsible for Mexico's radiocative materials, aims to explore 40 per cent of the country's territory by the end of 1982. Recently, Uramex discovered large uranium deposits, estimated at 10,000 tonnes, in the state of Oaxaca. That would be enough urnium to keep the proposed new station at Laguna Verde operating at 70 per cent capacity for a lifetime of 30 years.

Mexico is acutely sensitive about foreign dependence and has a stated policy of reducing its reliance on U.S. trade.

The Candu system is therefore favourably viewed since Mexico would not have to send its uranium abroad to be enriched. The hold-up by the Carter Administration in 1978 of a shipment of enriched uranium which Mexico needed for a research reactor angered the Government. The U.S. wanted Mexico to sign a bilateral agreement which would give the U.S. the last word on all subsequent use of the fuel.

But Mexico, which signed the nuclear Non-Proliferation Treaty in 1969 and has taken a strong stand against nuclear weapon proliferation, protested at the U.S. stance.

The shipment eventually went through, and also another one for the first of the two Laguna Verde reactors. But the incident left a bitter taste with the Mexican Government.

There are other sources of enrichment, apart from the U.S.: in the UK, France and the Soviet Union. On the other hand, if Mexico opted for the Candu system, it would be dependent upon Canada for its supply of heavy water.

Canadian officials, however, say that they are prepared to transfer their heavy water technology to Mexico, although this would be an additional hefty cost. Heavy water technology in itself is not sufficient to make nuclear weapons. Argentina is currently developing its heavy water production which is based on Swiss technology.

Mexico's nationalistic Nuclear Workers' Union favours the Candu system, because it feels that heavy water reactors offer a stronger guarantee of "energy independence."

Some senior Government officials, on the other hand, feel happier with the more widely established light water reactors, although they are impressed by the Candu's record of high performance.

Candu reactors, which have been exported to India, Pakistan, Argentina, South Korea and Romania, have a lifetime average capacity factor of 77 per cent—"the highest of any reactor type in the world," according to the Canadian Government.

The Candu reactors have a higher performance record partly because of on-load refuelling. Light water reactors, on the other hand, have to be shut down when they are refuelled, normally annually.

However, heavy water is a more expensive component of a reactor than enriched uranium, although it lasts beyond the life of the reactor and can be re-used. In the long run heavy water is cheaper, say Canadian officials.

Mexico's decision, however, will be based not so much on choosing the best technology, but much more on which technology can be most expeditiously transferred to enable the country to build up its own nuclear power industry.

Job creation is the Government's main priority since over 40 per cent of Mexico's 18.7m labour force are underemployed.

The Government is asking for detailed information on the transfer of technology, fuel-supply commitments and proposals for joint ventures in its tenders for the nuclear islands. The Industry Ministry will then use this information to shape the pattern for the whole programme.

Sr Eibenschutz admits that it would be more practical for local industry to have a standard design for the large number of plants which Mexico plans to build over the next 20 years. "However, the possibility of having more than one type of reactor cannot be ruled out," he said.

There is bound to be a battle royal among the different countries for the contract.

The Reagan Administration is already putting out the message that it is contemplating selling low-priced nuclear fuel and setting up joint nuclear research programmes for countries that buy light water reactors from the U.S. The country's reactor companies have received no new orders in the past three years and are keen to see Washington expedite the export process and enhance their competitiveness.

But cheap financing will also play a key part in Mexico's decision. And here the U.S. is at a disadvantage. The industrialised nations have recently agreed minimum interest rates of 10 to 11.25 per cent for subsidised export credits, but the Export-Import Bank of the U.S. at the same time raised its lending rate to 12 per cent.

U.S. nuclear reactor suppliers such as Westinghouse, GE and Combustion Engineering could circumvent this problem by bidding through overseas licensees from countries with more generous export credit rates. Or Eximbank might offer financing of a longer maturity than that specified in the international guidelines to erode the effect of the interest rate differential.

But the scale of competition for the U.S. manufacturers should be clearer after Mr Pierre Trudeau, the Canadian Prime Minister, visits Mexico in January. Canada has a special fund to provide aid finance for mixing with normal export credits.

Such is the magnitude of the Mexican nuclear programme that industry experts doubt whether any Government will spoil companies' chances by being too rigid on safeguard matters.

Sr Eibenschutz believes that it is "not out of the question" that Mexico will obtain enrichment technology in the future.

One obstacle, however, with which the Mexican Government has not yet had to contend is an anti-nuclear protest movement. The Mexican movement is small and so far has not raised its voice against the Government's plans.

U.S. manufacturer in technology deal with Soviet Union

BY DAVID LASCELLES IN NEW YORK

THE REAGAN Administration has decided to allow International Harvester, one of the largest agricultural equipment manufacturers in the U.S., to export combine harvester-making technology to the Soviet Union.

The deal will enable the Russians to incorporate U.S. technology in the construction and output of a major agricultural equipment plant planned for the town of Taganrog in the South of the Soviet Union.

The Commerce Department, which permitted the sale and issued the export licence, said the know-how involved did not fall into the high technology or defence categories which the Reagan Administration is refusing to sell to the Russians.

The sale did not, therefore, present any change in U.S. policy towards the Soviet Union, the Department said.

The licence will allow International Harvester to sell $300m (£157m) worth of technology over the next five years. According to Harvester, the deal may be finalised with the Soviet Foreign Trade Ministry shortly.

A factor in the Administration's decision to allow the deal to go ahead may have been the parlous state of International Harvester.

The company is riddled with several billion dollars worth of debt and is trying to hammer together a new deal with its banks. Only last week, Harvester announced that it had made a loss of $636m (£334m) in the year ending last October 31.

Shell Chemicals revises its export policy

BY NICK GARNETT, NORTHERN CORRESPONDENT

SHELL CHEMICALS has revised its export policy, as a result of refining overcapacity in the UK, which is affecting most of the oil majors.

The company is seeking more exports at lower margins than it would previously have considered to help it cope with underloading of its refinery plants.

A 4,000 tonnes consignment of polypropylene copolymer for bottle-crate manufacture, which has just been shipped to China from Shell's Carrington complex is one of the first fruits of that policy.

The company said yesterday that it was seeking other export markets to absorb excess UK refining capacity, and was particularly interested in Nigeria and other African countries. Nigeria's plastics-converting industry for bottle caps has been identified as a potential market.

The company is tending to look at any business which can at least cover the variable costs—such as feedstock and power—needed to carry it out, and which can make some contribution to offsetting fixed costs.

Part of the groundwork for the China deal—worth about £2½m and in which Shell has replaced U.S. suppliers—was laid earlier this year, when Shell International Chemicals placed a permanent representative in Peking. Previously, Shell's exports to China have mainly been agricultural chemicals.

The ability of the company to be more reactive to such business has been assisted by reorganisations this year, by which decision-taking has been focussed on business centres.

Aran Energy plans refinery on Shannon estuary

BY BRENDAN KEENAN IN DUBLIN

ARAN ENERGY, the Irish oil company, has applied for planning permission to build an oil refinery with a capacity of 125,000 barrels per day on the Shannon estuary on the west coast.

The site, which is owned by Aran, is close to the area which has been under discussion for another oil refinery proposal from Mr John Latsis, the Greek shipping owner.

The two proposals are separate but it is too early to say which, if either, of the plans might come to fruition.

Mr Michael Whelan, Aran's managing director, said their proposals had, as a primary consideration, the possibility of a commercial oil find off the west coast. Aran has an interest in BP acreage where small oil flows have been found.

But Mr Whelan claimed the oil refinery would be viable even without Irish oil. At present, 60 per cent of refined products for the Irish market are imported and the Aran project would aim to capture this market and compete for contracts for North Sea, Middle East and Nigerian crude.

Aran believes that a modern refinery can be successful despite over-capacity in Europe.

The refinery would cost over Ir£300m (£250m) at present prices and Aran would seek partners in the venture. Among those with interests in Aran are the Smurfitts Group in Ireland and Akers Mek Versted, the Norwegian engineering company.

CONTRACTS AND TENDERS

PUBLIC NOTICES

THEATRES

Why Japan has cut tariff on Scotch

By Gareth Griffiths

SCOTCH WHISKY exports to Japan have been under considerable pressure this year from uncertainty over price and a decline in the product's prestige value as a gift—formerly a key component of whisky sales in Japan.

The decision yesterday by the Japanese Government to reduce import tariffs on Scotch and a wide range of confectionery and other items means that the three annual instalments of the eight-year tariff programme begun last year will be brought into force next April. It will remain at the same level until 1984.

The present tariff on biscuits is 40 per cent and is scheduled to be reduced to 35 per cent during the eight-year period. Confectionery and chocolate are subject to a 35 per cent tariff, and this will come down to 30 per cent.

Scotch, the most important export affected by the tariff changes, is subject to a specific tariff, unlike U.S. Bourbon or Canadian whisky which is taxed on an *ad valorem* basis.

British exporters and their trade associations, the Scotch Whisky Association, the Cake and Biscuit Alliance and the Cocoa, Chocolate and Confectionery Alliance, yesterday gave a guarded welcome to the Japanese proposals. All three sectors have been under considerable pressure in the Japanese market reflecting not only tariffs but the strengthening of the yen against the pound and domestic competition.

Whisky, in particular, has been very badly affected. The latest figures from the Japanese Trade Ministry suggest that for the first nine months of 1981 standard, and premium bottled whisky imports were down by 52 per cent on the same period last year to 0.9m cases. Bulk malt exports, by contrast, held up with an increase of 8 per cent.

Japan is one of the most important markets for the whisky industry. Exports in 1980 were more than £63m, but during the past 18 months the revenue derived from the market has been adversely affected by parallel trading. This involves UK sales organisations or traders undercutting the sole distributor or agent by selling brands direct to overseas outlets.

Parallel trading had been a problem in Western Europe in the late 1970s, but the parallel traders now appear to have shifted their operations to the Japanese market. They are able to undercut the established agents—in Japan these are usually long-established trading houses such as Jardine Matheson (White Horse) and Mituisi (Justerini and Brooks Exports).

This undercutting has played havoc with the Japanese pricing structure. Whisky had been marketed as a prestige gift item, but varying prices in the various bars and supermarkets meant that whisky became devalued. Prices in Japan are high, Chivas Regal retails at Y10.000 (£24) a bottle and White Horse, Japan's most popular brand, sells at more than twice the price of its main Japanese produced rival, Suntory Gold.

Scotch whisky importers faced with this price confusion have also been faced with a much higher tax base than retailers of domestically produced spirits. As well as the tariff duty of Y343 per liquid litre, standard scotch pays a 150 per cent tax but de luxe Scotch has a 220 per cent liquor tax based on landed value.

The Distillers Company, which controls most of the leading Scotch brands on sale in Japan such as White Horse, Haig and Johnny Walker, however, sees some sign of a picking up in the Japanese market.

Cake and biscuit sales to Japan last year slumped with exports in 1980 at 164 tonnes compared with 201 tonnes in 1979. Cake and biscuits sales in Japan suffer from the Japanese fondness for rice flour and British biscuits are sold as a premium product.

Iran cash for New Zealand

By Dai Hayward in Wellington

NEW ZEALAND has received NZ$8.5m (£3.6m) from Iran in payment for a cargo of 3,600 tons of lamb landed in Iran in October.

This is part of more than NZ$50m owing to New Zealand for lamb shipped this year.

The New Zealand meat board will not release lamb shipments tied up in ports until payment is received for five other cargoes landed in Iran. Mr Adam Begg, Meat Board chairman, said the board expected the other payments to come through regularly within the next few weeks.

They had been told the payments were being processed by the Iranian meat organisation. Mr Begg stressed that payments should be by letter of credit cleared before the meat arrived in Iran.

Extended MFA 'will last for five years'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

IT NOW appears that the extension of the Multi-Fibre Arrangement (MFA) which is being negotiated in Geneva under the auspices of the General Agreement on Tariffs and Trade will last for five years.

This is the one point acceptable to all the parties which have tabled protocols, or amendments, to the MFA—the agreement which regulates world trade in textiles and garments.

The first MFA, when it was introduced in 1974, lasted for four years, as did its successor.

Three protocols have been tabled—by the European Economic Community, the U.S. and the developing countries. There are radical differences among them and if a new protocol is to be agreed by the Christmas deadline the delegates from over 40 countries have set themselves, there will have to be some hard bargaining in the next three weeks.

At the same time delegates have to take into account statements made by the Nordic countries, Canada and Japan, though these are not likely seriously to hold up the timetable since they largely relate to issues specifically affecting those countries.

The real crunch surrounds the position of the EEC. The Commission tabled its protocol late last week, and there is little doubt it is isolated in the talks.

The group of developing countries—the low-cost supplying nations ranging from the big countries such as Hong Kong and South Korea, to Indonesia and Pakistan—find themselves more in agreement with the U.S. than with the EEC, the world's main industrial market for textile goods.

Yesterday the EEC's proposals were strongly attacked in the UK by both the British Textile Confederation and the British Clothing Industry Association.

The Confederation stated that unless the proposals were tougher there would be serious consequences for the industry, the British economy and "for regions of the UK already suffering high levels of unemployment."

The BCIA went further and stated that the EEC position was "a recipe for ever-increasing import penetration."

Both bodies urged the EEC Council of Ministers to "radically change" their stance at their meeting in Brussels next week.

MFA'S PROPOSED PROTOCOLS

EEC	U.S.	Developing countries
Five-year life	Five-year life	Five-year life
Growth of imports to be held to less than 1 per cent per annum	Positive-zero (i.e. no) growth of imports for dominant suppliers; such growth as agreed going to smaller suppliers	Abolition of the MFA after 1986, though acceptance of need to continue till then
Such growth as is allowed to be weighted in favour of smaller suppliers and less for dominant ones	Flexibility to be disallowed Less scope for swing	Planned phasing-out of restrictions against supplying countries
Stronger moves against fraudulent practices		Restrictions against smaller low-cost countries to end 1984; rest to end, with MFA, 1986
Flexibility provision to be toned down		6 per cent per annum rate of growth into industrial markets to be honoured
Action to prevent a sharp rise in imports of sensitive products		

Definitions:	
Dominant suppliers	Hong Kong, South Korea, Taiwan, Macao for EEC; first three plus China for U.S.
Flexibility:	Ability of supplier to switch goods from one quota, when fully taken up, to another.
Fraud:	Goods from one country being passed off as coming from another.
Swing:	Moving goods from one year's quota to the next (or previous).

Although the EEC has outlined its position there are still some areas where its stance is blurred, especially over growth rates and the position of Mediterranean countries such as Portugal—an important supplier to the British market—and Morocco.

It is likely that these issues will be debated by the Council of Ministers when they meet in Brussels next week. Unless there is a reconvened meeting of trade ministers this will be the last time Britain holds the chair for EEC meetings for five years at least.

China's offshore oil 'needs £10.5bn development scheme'

BY TONY WALKER IN PEKING

IT WILL COST about $20bn (£10.5bn) to develop China's offshore oil resources in order to achieve a production of 1m barrels a day, or about half of the present Chinese total of 100m tons a year, according to an international banker.

"Assuming conditions are no worse than those in the North Sea, where oil companies do have experience, development costs offshore will probably range from $600m for the smaller reservoirs to $3bn for the larger, deeper fields," Mr William S. Lear, senior vice-president of the First National Bank of Chicago told an oil symposium in Canton.

Mr Lear's message, at the recent international oil conference in Canton, was that if the Chinese wanted to move ahead quickly with their oil development plans they would have to turn to the international commercial banking sector.

Referring to China's access to funds from institutions such as the World Bank and the International Monetary Fund, Mr Lear said:

"There is a limit to how much any one country can borrow from these organisations, and the conditions that are sometimes attached to these funds may make this particular funding alternative of limited attraction to a country."

Mr Lear said that in recent discussions with Chinese officials who had expressed concern about high interest rates on commercial loans, he had pointed out that interest charges would amount to a small percentage of overall production costs.

The U.S. banker predicted that exploration costs in China's offshore areas would amount to some $250m per year, money that would have to be raised mostly from the internal resources of the companies involved.

Mr Lear said that if China wanted to develop its offshore oil potential quickly it faced the prospect of a significant net outflow of foreign currency to pay foreign equipment suppliers. This outflow was likely to continue for a period of four to six years until China started exporting significant quantities of offshore oil.

The bank vice-President predicted that large syndicated direct buyer credits would prove an attractive means by which China could borrow funds to develop its oil reserves.

U.S. bank opens branches in stores

BY ROSEMARY BURR

BOSTON TRUST and Savings, the consumer finance subsidiary of First National Bank of Boston, has opened five moneyshops inside Debenhams, the department store.

This marks a change of policy by Boston Trust and Savings, which has 20 moneyshops in the High Streets of Britain. Mr Graham Telford, a director, explained that the idea had come from Debenhams.

Mr Telford said the bank "is hopeful that it can expand this programme with Debenhams in the future." Much will depend on customer reaction to the moneyshops at Debenhams in Dundee, Stockton-on-Tees, Blackburn, Walsall and Plymouth.

Anthrax study

THE DEFENCE MINISTRY has launched an "intensive review" of ways of ridding Gruinard Island—site of Second World War germ warfare tests—of anthrax contamination.

The study, by scientists at the Porton Down Research Centre near Salisbury, Wilts., will examine methods of decontaminating the island, off the west coast of Scotland, of the still-lethal spores.

Gatwick inquiry call

THE GATWICK Area Conservation Campaign, which is opposed to the development of a second passenger terminal at Gatwick Airport, Sussex, has asked the Environment and Trade Secretaries to re-open the public inquiry into the development.

The environmental group bases its argument on revised forecasts for air passenger traffic in London and South-East England, produced by the Department of Trade's own working party. These show a slower rate of growth in the period to the mid-1990s than originally expected.

The figures have already led the ministers to defer a decision on the second terminal.

Equal opportunity

THAMES TELEVISION will run a special project to give greater opportunity to women in the company. The project follows a study by the Equal Opportunities Commission and the National Council for Civil Liberties which found a number of obstacles to women's careers at Thames.

Thames is the first British television company to adopt a "positive action programme" for women and joins a small group of other companies with similar programmes, including National Westminster, Avon, Sainsburys and Vickers.

First investments

THE BASILDON FUND, the first investment vehicle established to take advantage of the Governmtnt's Business Start-up Scheme, is poised to make its initial investments.

The £1m fund, launched at the end of September, is designed to enable individual investors to subscribe for equity in new or recently established trading companies and to claim relief at their top marginal rate of income tax.

Record at auction for Heckel

CHRISTIE'S launched the annual winter week of Impressionist and modern picture sales in London on Monday night with an auction which reflected the uncertainties of this market. Forty per cent in value, was bought in, including important works by Degas, Monet, Renoir and Hodler.

But there were some good prices. Femme aux Glaieuls by Matisse sold for £236,500, and

SALEROOM

By ANTONY THORNCROFT

the £148,500 which secured Unterhaltung by Erich Heckel was an auction record for the artist, and almost three times the estimate. Arkttische Tau by Paul Klee sold for £121,000.

The sale continued yesterday. Jeune Fille au Chapeau by Marie Laurencin sold for £19,800 and Jeune Garcon avec Kimono by Moise Kisling for £14,800.

Among the Old Master prints were: 19 Goya etchings of Los Proverbios, sold for £16,500; a landscape with the conversion of St. Paul by Augustin Hirschvogel, which made £11,550, and Christ on the Cross with Four Angels by Martin Schongauer, sold for £11,000.

At Sotheby's, sales of Chinese export porcelain totalled £154,265. Top prices were the £26,000 paid for a "famille rose" dinner service of 158 pieces (Quianlong) and £15,000 for a "Compagnie des Indes" goose tureen and cover, also Qianlong.

Local Tory protests force change on housing subsidy

BY ROBIN PAULEY

THE GOVERNMENT has abandoned a key part of its housing subsidy strategy because months of work to find a way out of a politically embarrassing blunder by the Environment Department have collapsed.

The result is that no council will have a negative figure allocated to it for the housing revenue account, part of the calculation to determine how much it should spend in total next year to provide a standard level of services. Each council which should have a negative amount in this category will be given a zero.

This will prevent dozens of councils losing large amounts of grant, but also means that the Government has abandoned entirely the main principle of its housing subsidy system, with which it has been trying to force up rents to minimise or eliminate subsidising of rents from rates.

The alternative would have been to run the system as proposed, but many MPs and Conservative party managers warned the Government that this would mean a very large number of thrifty, low-spending Tory-controlled district councils being turned into overspenders on a grand scale.

All would have been duly penalised by losing grant.

Tonbridge and Malling, a Tory council in the constituency of Mr John Stanley, the Housing Minister, would have been 10 per cent over the Government idea of how much it should spend, and Derwentside, a Labour council, 300 per cent.

Both paled into insignificance against Blyth Valley (Labour) which was 1,139 per cent over target under the system. Of 118 councils exceeding the Government assessment by more than 40 per cent, 44 would have been Conservative.

Mr Stanley said perhaps the entire housing calculation should be removed from the expenditure-and-grant calculations because the results were, in the words of another Cabinet Minister this week, "dire."

Then he discovered that this would be illegal.

The eventual solution implies £250m more allowed spending by councils, which might be included in the extra £1bn of council spending in England the Chancellor is expected to announce today.

The trouble stems from the recent change in the Government rules about housing revenue accounts. Until a year ago councils were not allowed to make profits on these accounts, with the result that many, particularly Tory-controlled councils, which had built few new houses, were charging low rents.

Many feel they cannot justify the large increases that would now be required to bring their rents to the regional average.

The Government assumes that they are charging those rents and making "assumed" profits on the housing account, depressing the Government assessment of how much more income the council needs, cutting its grant and pushing its actual spending level far above the assessed level.

Honda motorcycles launched

BY JOHN GRIFFITHS

HONDA YESTERDAY launched 22 new motorcycle models in the UK and said it intends to capture 50 per cent of the powered two-wheeler market next year.

The machines will go on sale at a time when the UK motorcycle trade overall is heavily overstocked, with at least 80,000 units unsold.

The Honda machines, with the traditionally large annual crop of new models from other Japanese makers, appear destined to increase the "distress" selling, at heavy discounts, of existing models, which is already widespread in the trade.

UK sales of powered two-wheelers are expected to reach 270,000 this year, nearly 50,000 down on the 20-year peak reached in 1980.

This year's figure compared well with a 20-year industry average of about 200,000 units. But a large volume of sales was brought forward into the first three months of the year as a result of the Chancellor's decision to impose the 10 per cent "car tax" on motorcycles from April.

Since then considerable uncertainty has arisen over forthcoming legislation which will restrict learners to 125cc machines instead of the present 250cc limit, and limit the period for which a provisional licence can be held.

The effect has been to depress sales, particularly of the 250cc machines, which have been the trade's staple.

Honda is launching five 125cc machines to cater for "what next year will become the single most important sector," according to its sales director, Mr Eric Sulley.

Japan 'threat to software companies'

BY JASON CRISP

BRITISH COMPUTER software companies were warned yesterday of the growing threat of competition from Japan.

Mr David Fairbairn, director of the National Computing Centre, told the Software International 81 Conference in London British industry had to discard the myth that the Japanese were good at producing computer hardware but out of their depth in software.

"There is a massive quantity of computer software development in hand in Japan. Total employment in software engineering is around 300,000 and the requirement is estimated at double this figure."

The Japanese had a consistent national plan to develop software which was evident in the pattern of work being undertaken in both the manufacturing and independent sectors.

There was a need for a great deal more collaboration among British software companies, industry as a whole and government, Mr Fairbairn said.

● BL Systems announced yesterday that it was going to sell a range of computer systems for automated manufacturing. They had been developed from the advanced factory systems used to make the Metro and Land-Rover.

BL Systems, which employs 1,000 people, provides computer services for the BL car company. It already receives 5 per cent of revenue from external customers. It hopes to raise this figure to 15 per cent in the next four years.

Court hint at date for charter disputes

By Our Law Courts Correspondent

THREE Appeal Court judges yesterday gave a strong hint that early October 1980 should be taken as the time when charter parties involving ships trapped in the Shatt-al-Arab river, off the Gulf, were frustrated as a result of the Iraq-Iran war.

The court had been told that so far disputes concerning four of about 75 vessels trapped in the Shatt and a neighbouring waterway had gone to London arbitration.

In those four cases distinguished arbitrators decided on three different frustration dates: October 4, November 24 and December 9, 1980.

Lord Denning, Lord Justice Dunn and Lord Justice Fox were unanimous that it was essential, for commercial as well as legal reasons, that there should be some uniformity in the matter.

They were also agreed that the proper date for frustration in all cases in which the basic facts were "strikingly similar," should be that selected in the first dispute authoritatively ruled on by the courts.

In practice that would appear to be a case involving a vessel called the Evia, in which Mr Justice Robert Goff upheld in the Commercial Courth the view of the umpire Mr Basil Eckersley, that frustration occurred on October 4.

The point is of considerable importance to shipowners and charterers, because the date of frustration determines the amount of hire due to be paid by charterers of the trapped vessels. The earlier the date, the less the outstanding hire.

Yesterday's case concerned the Wenjiang. The arbitrator, Mr Donald Davies, decided that the charter party under which International Sea Tankers chartered the vessel from Hemisphere Shipping Company was frustrated on November 24.

Hemisphere appealed unsuccessfully against the Commercial Court's decision to give Internationa leave to appeal against the arbitartor's finding on frustration.

Exclusion of Rank investors justified

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CHALLENGE to the legal right of U.S. investors in the Rank Organisation to sue over their exclusion from an offer of 20m new Rank shares failed in the High Court yesterday.

Rank contended that The Mutual Life Insurance Company of New York, and 80 other U.S. investors, had no legal standing because they were not Rank shareholders.

The shares in which they are beneficially interested are registered in the name of Guaranty Nominees, the nominee company of Morgan Guaranty Trust of New York.

Morgan has set up a system enabling U.S. investors to invest in non-U.S. companies and avoid complications in connection with dividends and the disposal of shares.

Morgan bought Rank shares on behalf of the investors, and issued American depositary receipts to investors.

Mr Richard Scott, QC, for Rank, argued that the investors were trying to sue for an alleged breach of contract to which they were not parties. That was a contract between Rank and its shareholder, Guaranty, contained in Rank's articles of association. Only Guaranty was entitled to sue under the contract, and had declined to do so.

Speciality phones to be on sale soon

BY GUY DE JONQUIERES

TELEPHONE subscribers yearning to buy receivers which are in the shape of Mickey Mouse, covered with stiched leather or encased in expensive polished wood may be able to satisfy their ambitions legally by Christmas.

The telephones are among four receivers in British Telecom's "special range" which the organisation has suggested should be made available for sale through private retail outlets in response to the Government's moves to speed up telecommunications liberalisation.

British Telecom plans to sell almost all its "special range" through its own newly-established Phoneshops next year.

The receivers selected for private sale are made by Plessey, Standard Telephones and Cables and Thorn-Ericsson. The fourth model, a push-button receiver called the Contempra, is manufactured by the General Electric Company (GEC).

Some of the manufacturers expressed surprise yesterday at British Telecom's choice. They pointed out that several of the telephones selected were drawn from the upper end of the price range and were likely to appeal to only a small number of customers.

The "wooden astrophone," made by Thorn-Ericsson, is expected to cost at least £200 retail, and the company has had no rental orders for it so far through British Telecom.

The telephone is a special edition of a much less expensive plastic receiver for which Thorn-Ericsson expects strong demand, but which has not been suggested by British Telecom for private sale.

British Telecom would not disclose yesterday its criteria for choosing the four telephones.

Some telephones which manufacturers would like to be able to sell privately have not, however, received British Telecom approval even for rental yet.

Video tape expansion by 3M

By Robin Reeves

AN £11M project to treble video tape production capacity at 3M's Gorseinon plant, near Swansea, was inaugurated yesterday by Mr Michael Roberts, the junior Welsh Office Minister.

The expansion has been triggered by this year's sharp upsurge in the video market. The Gorseinon plant is the only video tape manufacturing facility in the UK and one of two in Europe.

The number of UK households with video recorders is reckoned to have more than trebled this year to about 1m or nearly 5 per cent of the potential market. The number of cassettes bought is averaging 14 a year per person rather than the nine originally estimated.

Forecasts are that 25 per cent to 30 per cent of households in Europe will acquire a video recorder over the next four years. For the UK the rise will be from 1m to 6m recorders.

The 3M expansion project has received £1.35m in government Selective Financial Assistance. It will add 180 jobs to the 300 already working on video-tape manufacture.

BAD WEEK FOR IRA

BY BRENDAN KEENAN

Swing to law in Ireland

THE battle between the security forces and the Provisional IRA seems to have swung in the authorities' favour.

After the spate of killings of part-time Ulster Defence Regiment and Royal Ulster Constabulary members and the murder of the Rev Robert Bradford, MP for Belfast South, the Provisionals seemed to have reached a new level of successful operations.

But this week 14 people appeared in court in Belfast charged with a variety of serious offences, including the murder of the deputy governor of the Maze Prison three years ago and murder and attempted murder of members of the security forces.

South of the border the Irish police, the Garda, made three arms finds in as many days, including what appears to have been an IRA training camp on the coast of Co Donegal.

The arrests in Belfast are being linked to the activities of a "super-grass" who gave the RUC vital information on IRA crimes. According to Republican sources that information came from a man released earlier this year after serving a sentence for armed robbery.

He lives in North Belfast and is believed by Provisionals to have been an informer, because he and his family suddenly disappeared. One story going the rounds is that he is already living under a new identity in England.

The RUC had no comment on these claims, and a detective refused to answer a question about them during the court hearing.

It must be stressed that none of those arrested has yet been tried, and some have been released.

Nevertheless the arrests should do much to quieten Unionist criticism of security policies and take the sting out of the Rev Ian Paisley's campaign.

Republicans claim that despite the informer this was one of the purposes of the arrests.

Irish police sources say their successes had nothing to do with information from Belfast, and it is accepted that the police forces on both sides of the border work closely together, "as thick as fleas on a dog" in the words of one Belfast official.

The increased Garda activity in Donegal was mainly a response to recent IRA activity in the area. The finds included a machine-gun, 15 rifles and 3,000 rounds of ammunition.

There are conflicting reports as to whether the discovery of the training camp was accidental or the result of local people's suspicions.

It was near a beach where sand dunes and Atlantic breakers would be likely to deaden the noise of firing. The Garda believes that such camps are used for a period to train recruits, and that the Provisionals then move on to another site to avoid detection.

Overall it adds up to a bad week for the IRA, after their post-hunger strike successes. The past 10 years have proved that the Provisionals can be knocked down but never completely out.

The Government believes that the only final solution to the security problem is a political settlement which would remove the instability on which the IRA feeds.

Health Service could face major changes

BY GARETH GRIFFITHS

A GOVERNMENT working party which is looking at alternative ways of funding Britain's health care has been told not to rule out any options in its deliberations.

However the Government does not expect to introduce substantial changes during the run up to the General Election.

Mrs Thatcher, the Prime Minister, said yesterday the principle that adequate health care should be provided for all, regardless of their ability to pay, should remain the foundation for any arrangement for financing the health services.

A controversy over the future of the National Health Service emerged yesterday after news that the working party might propose ending financing the National Health Service by general taxation—the basis of its funding since 1948.

This would bring the UK in line with the two-tier social insurance funding schemes common in other European Economic Community states, ironically at a time when many of these countries are questioning the suitability of such schemes.

Mrs Thatcher told the Commons it was reasonable to look at new ideas about the future of the health service.

A working party consisting of 16 senior civil servants was set up by the former Health Secretary, Mr Patrick Jenkin, in July. The Department of Health and Social Security, the Welsh, Northern Ireland and Scottish offices, the Treasury, and the Inland Revenue are all represented.

Ministers are expected to be presented with an initial paper by the working party before Christmas. The DHSS yesterday stressed that the group's work would continue after Christmas.

A move towards some form of social insurance instead of the present approach to health funding has become popular with some members of the Government including Dr Gerard Vaughan, the Health Minister, who hopes that 25 per cent of patients can be covered by the private sector, and Mr Norman Fowler, the Health Secretary.

The UK spends a smaller proportion of its Gross National Product on health than most comparable countries.

The health service unions reacted strongly against the possible recommendations of the working party.

Stock Exchange review of commissions delayed

BY CHRISTINE MOIR

THE Stock Exchange's promised consultative document on commissions may not be published before Christmas.

Yesterday the Stock Exchange Council met to debate the report of the commissions review committee but adjourned without discussing several sensitive aspects such as details of stockbrokers' profitability.

These topics will be the subject of a further debate next likely that the final approved draft can be published as a Green Paper before the Christmas recess.

The review is the product of more than three years work, and is the first full overhaul of commission rates in the Stock Market since 1975.

Unlike its predecessors this review bases its conclusions for new rates on openly disclosed facts about market volume and trading patterns the structure of broking firms and the degree to which clients in, say, gilt edged securities, subsidise other clients through the present commission rates.

The Stock Exchange has never exposed itself to such soul searching before, nor have commission reviews been circulated as discussion papers to market users rather than just members.

Mr Nicholas Goodison, chairman of the Stock Exchange, had hoped to have the document in circulation in time for next week's meeting with representatives of the main groups of investors. This is clearly no longer possible.

Rockware Glass to close plant in St Helens

By Maurice Samuelson

ROCKWARE GLASS, one of Britain's leading bottle manufacturers, will close its factory at St Helens, Merseyside, in February, making most of the 800 employees redundant.

The closure means Rockware, which claims about a third of the UK market, will have reduced its workforce by 45 per cent—about 2,500 jobs since April 1979.

Mr Derek Whittaker, managing director, said the St Helens plant, half of which closed two years ago, was heading for a £1.5m loss this year.

It is the least cost effective in the group, which has two more plants at Knottingley, Yorkshire, and two in Scotland.

About 50 of the St Helens employees may be found work elsewhere in the division.

The company has cut its production capacity by only about 6 per cent in spite of the redundancies. It hopes that closing St. Helens will give it the lowest unit costs in the UK and possibly in Europe.

Rockware, like other manufacturers, has been severely hit by the impact of the strong pound sterling on overseas sales of whisky and gin. There has also been substantial competition from other forms of packaging, such as PET rigid plastic bottles and paper laminates.

These factors, with the economic recession, have reduced the glass container market by 16 per cent in the past two years. But Rockware's glass division still expects to be marginally profitable for the whole year.

Meanwhile, United Glass Containers, Britain's largest producer of bottles and jars, says it expects a modest improvement in 1982 and that this year's fall in demand may be less steep than originally forecast.

Since the end of 1979, UGC had cut its workforce from nearly 6,500 to just over 4,800—a drop of nearly 25 per cent.

Plessey to make 330 redundant

By Mark Meredith in Edinburgh

PLESSEY CAPACITORS are to close their Bathgate plant in Scotland employing 330 people next March.

The company said yesterday that the plant, which produces paper, plastic and mica capacitors, had made consistent losses since Plessey purchased it in 1965.

This is the second redundancy blow for Bathgate in 10 days. British Leyland announced under two weeks ago that they were closing tractor production at Bathgate making the 1,365 workforce redundant.

Plessey blamed the drop in demand due to the recession for the decision.

Capacitors are power storage units most commonly seen as the small, battery-shaped object used to start up fluorescent light. They are generally used to give an extra boost of power and provide insulation in electrical equipment. Modern technology has however reduced the need for capacitors.

Much of the Bathgate factory's output had gone for electromechanical telephone exchanges, which have rapidly become obsolete. Another big user — the "white goods" trade, which required them for home appliances—has also gone through extensive restructuring.

Another difficulty for UK producers of capacitors has been the increasing volume of imported appliances, such as television sets which are fitted with foreign capacitors in the country of manufacture.

The company promised customers help to assure continuity of supplies.

European banks 'in danger from outside competition'

BY WILLIAM HALL, BANKING CORRESPONDENT

THERE is a real danger that European banks will soon face the same sort of competition from non-banks as those in the U.S., said Dr Hans Dieter Spanier of Deutsche Bank.

A growing amount of banking business was being undertaken outside the traditional banks and there were signs that similar developments were beginning in Europe, said Dr Spanier, addressing the second day of a retail banking conference organised by the Financial Times, The Banker and Retail Banker International.

His colleague, Dr van Hooven of Deutsche Bank, had recently cited three examples of the new competition facing European retail banks:

● The negotiations between BMW, one of Germany's leading car makers, and Visa, the U.S. credit card company, on the possibility of issuing credit cards to 1.3m German car owners.

● The sale of money market funds, linked to credit cards, in London.

● The promotion of technological systems and organisations outside the banking industry which were accessible to anyone, to provide clearing facilities in the payments sector.

Dr Spanier said Visa's attempt to solicit BMW dealers as a sales network for its mass credit card was not an isolated occurrence.

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In Europe, department stores, car makers, oil companies and airlines were all looking at the possibility of issuing their own cards. This could lead to a breakdown of any "reliable system of monitoring of credit standing."

The introduction of money-market funds in Europe gave non-banks an important instrument for taking substantial deposits away from the banks. If this development took root, Europe's smaller banks would be the first to suffer.

Dr Spanier said new payment systems technology was threatening the banks' hold over personal bank accounts which were the "cornerstone of a bank's entire range of services."

He described payment services as "one of the most basic banking activities and if we were to withdraw from this sector, other important retail banking services would inevitably be lost. A consumer who does not make his payments through a bank will not be inclined to turn to that bank to deposit his savings or to take up consumer credit."

Herr Wolfgang Starke, general manager of the German Savings Bank Association, said "we should get away from the antagonism between payments systems and should strive for an intelligent modus vivendi."

Talking about Visa's attempts to get a foothold in Germany, Herr Starke said the traditions of the host country should be respected (which was not happening in this case). Yet German banks should be prepared to collaborate with Visa so its customers when in Germany, could expect the same sort of service that German banks would wish for their customers when abroad.

He discussed the differing attitudes of the German banks to developments in the travellers' cheque field. He thought "it was essential for credit cards and traveller's cheques to be accepted worldwide if they are to be competitive."

"We are at present watching a contest in Europe between the cheque guarantee card system and the payment card system," said Herr Starke. The disparity between the two systems would tend to disappear and the Eurocheque system would develop into a payment card system as the banks strove to get away from paper-based systems.

"The Eurocheque system must be developed into a one-medium system, the payment card," he said. "The starting pistol is about to be fired for us to race towards a common payments card that is not paper-based."

On electronic home banking, Mr Robert Lipp, of Chemical Bank, said the banks had to work hard to maintain their dominance in the payment systems arena.

"Failure to do this may leave us stripped of the most profitable segment of the retail market and — to make matters worse—saddled with the most expensive and outmoded delivery systems.

"U.S. banks spend more than \$3bn a year processing cheques, and the cost of maintaining 90,000 bank branches is staggering and increasing at a rate of over 15 per cent a year," he said.

The banking industry in the U.S. had been able to pay for all the present delivery system because of the profitability of retail deposits which earned U.S. banks \$30bn a year.

As U.S. banking laws were dismantled there was a likelihood that a large part of the \$30bn would evaporate. Mr Lipp noted that the pre-tax profits of U.S. banks only amounted to \$20bn, which underlined the dangers facing the banks.

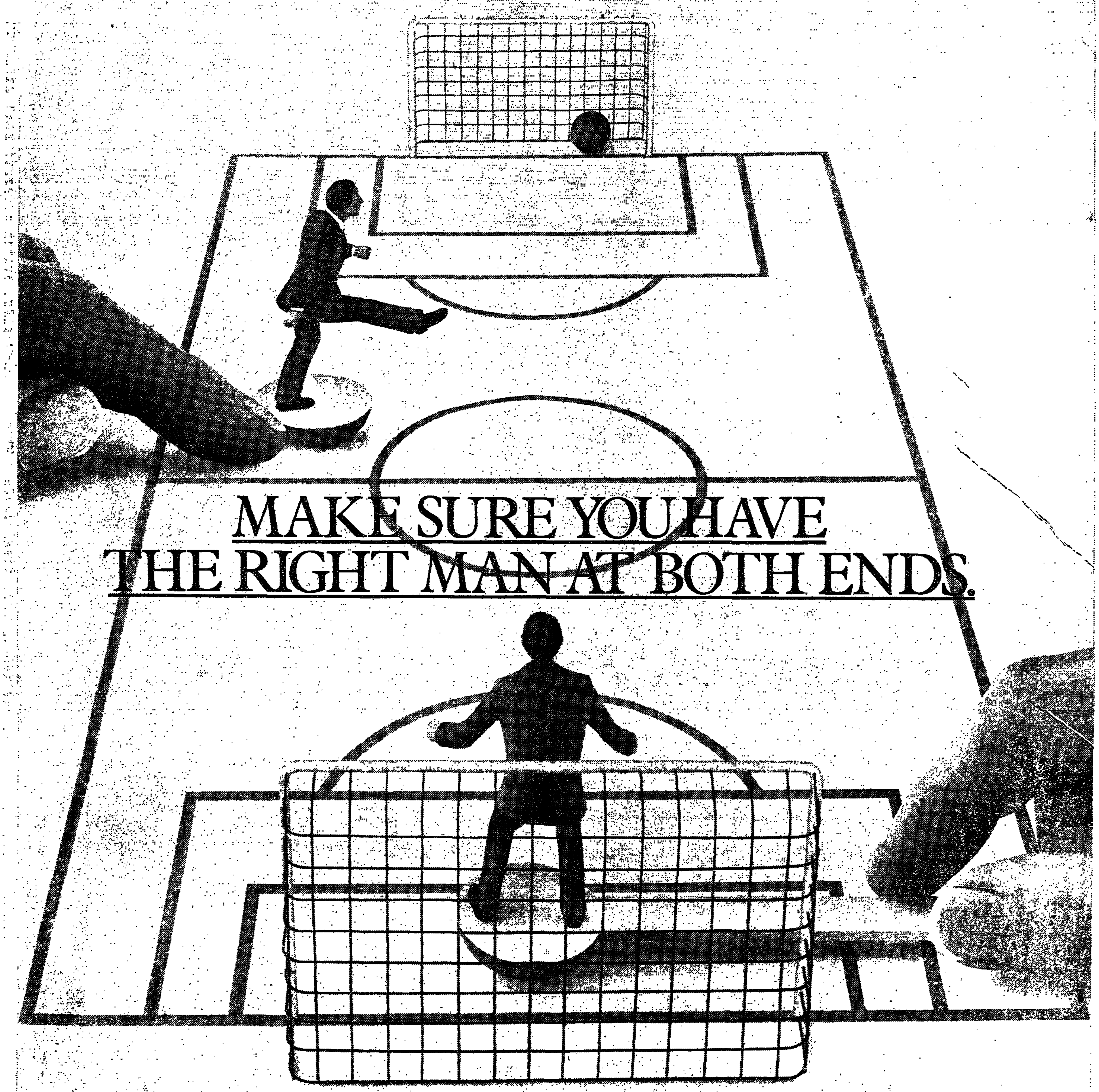
"As deposit margins dramatically narrow we will be compelled to reduce drastically the cost of maintaining and operating our delivery system," he said.

The solution was to introduce electronic banking. Three out of the four components of an electronic delivery system were already in place in the U.S. and he estimated that the new home terminals would cost \$16bn. Customers would then carry out their financial transactions from the convenience of their homes rather than rely on bank branches.

Mr Reece Overcash, chief executive of Associates Capital Corporation of North America, said the distinctions separating banks and non-banks were fading. "Technology, innovations and a void in the market place had drastically changed the roles assumed by the financial players.

"We are only at the beginning of the acquisition stage for the assembling of financial supermarkets," said Mr Overcash who analysed recent developments at Prudential, Sears Roebuck and American Express. He noted that finance companies' traditional reliance on market funds was proving to be an advantage, for a change.

TACTICS FOR EXPORT GOALS.



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PEOPLE WHERE IT COUNTS.

Stornoway RAF base to be developed for Nato

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK, in conjunction with Nato, is to spend up to £40m on developing the RAF station at Stornoway, on the Isle of Lewis in the Outer Hebrides, as a forward operating base for Nato aircraft.

About £38.5m of the cost will be provided from Nato funds, and the remaining £1.5m from the UK defence budget. Nato sees the airfield as vital for the protection of the UK-Iceland gap, through which many Soviet aircraft already pass, seeking to penetrate UK and Nato air-space.

A public inquiry into local objections to the plan was held earlier this year, but the Scottish Secretary, Mr George Younger, has decided to give the go-ahead for the scheme.

The inspector who conducted the inquiry, Mr Alexander Bell, felt that local planning grounds told against the development, and that these could only be overcome by evidence of "national need."

Since evidence of "national need" was not presented to the inquiry, he felt unable to make any recommendation for or against the development. Mr Younger, on behalf of the Government, has ruled that the needs of Nato and of national defence necessitated the development of the base.

The station will have a lengthened runway, new taxi-tracks, air-traffic control and navigation facilities, a new fuel storage system and other infrastructure improvements.

It will be used several times a year for Nato air/maritime exercises across the North Atlantic, and will provide a forward operational base for Tornado combat aircraft intercepting Soviet intruders.

Announcing the decision, the Scottish Office said the Government had reaffirmed the need for a forward operating base "for use in times of tension and war" in order to support the maritime operations of Nato in the UK-Iceland gap and the Eastern Atlantic, and to counter possible air attacks from the North-West.

Announcing the decision, the Scottish Office said it was satisfied Stornoway was clearly the most suitable site. Transferring the base elsewhere would "seriously reduce operational effectiveness."

Mr Younger had noted local concern about noise and the possibility of more extended use of the base, and had sought undertakings from the Ministry of Defence beyond those suggested in the public inquiry.

The Ministry had undertaken that the base would be used for only six weeks of the year and that, except in emergencies, there would be no flying on Sundays. Night flying would be restricted to 20 nights a year.

Duller outlook for offshore oil

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE ECONOMICS of most North Sea oilfield developments look less attractive than they did six months ago because of recent changes in crude reserve estimates, oil prices and exchange rates, according to stockbrokers Wood Mackenzie.

In their monthly North Sea report, the brokers estimate that some 21.6m barrels of oil are likely to be produced from the UK sector of the North Sea during the 1980s—a 4.5 per cent drop on their forecast in May this year. Capital expenditure could total $35.3bn over the decade, a rise of 8 per cent on May's estimate.

The report takes into account changes by companies in over-optimistic reserve, production and cost estimates. It also assumes that the price of North Sea oil will average $37 a barrel in 1982 and inflate at 8 per cent thereafter. Last May, it assumed a 1982 price of $41.58.

The majority of North Sea projects have therefore become less attractive in dollar terms, but this may not be the case when the oil's potential is viewed in sterling terms

Call for North-West revitalisation

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A NORTH-WEST pressure group is urging the Prime Minister to take urgent action to relieve the serious and rising unemployment in the region.

The North West Industrial Development Association has told Mrs Margaret Thatcher in a 4,000-word memorandum that more than 15 per cent of people in the region are out of work. The region comprises Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside, and the High Peak district of Derbyshire.

Norwida — an association of industry, unions, local authorities and other bodies—is seeking a meeting with the Prime Minister to drive home what it sees as the "severe deterioration" of the economy. Her office said yesterday that the memorandum had been received but that Mrs Thatcher had not yet replied.

Prospects are depressing, according to Norwida. By the end of this decade there could be a quarter of a million without jobs in Greater Manchester alone—a rate of unemployment of at least 25 per cent.

Norwida suggests a rescue plan for the region including: Higher public investment and discrimination in favour of and discrimination in favour of the North-West to reduce the economic imbalance with the South-East, as well as designation of assisted-area status and reconsideration of the cuts in financial support to universities.

Industry questions Cabinet optimism

BY LORNE BARLING

PRODUCTIVITY GAINS in West Midlands manufacturing industry have been greatly overrated and cannot possibly be fully assessed until output rises significantly, Mr Chris Wallaker, regional chairman of the Confederation of British Industry, said yesterday.

He said after a meeting of the CBI's regional council, that it was wrong for the Government to believe that because manning levels had fallen sharply through redundancies, companies were necessarily becoming more productive, since output had also dropped substantially.

"Terms like rationalisation and streamlining are often euphemisms for redundancies, and the question now is whether smaller workforces will be able to cope with increases in demand. That will be the real test of productivity gains," he said.

However, Mr Wallaker stressed that few CBI council members had seen any significant improvement in demand, and about 25 per cent expected their manning levels to fall even further in the near future. Only about 12 per cent were planning to increase their workforces.

The CBI also believes that the danger of company closures has probably worsened recently, since many have done everything they can to reduce costs, and have been seriously weakened by the length of the recession.

Some companies had reported slight improvements in orders, probably due to destocking. Sectors such as process plant, building materials and industrial chemicals were looking slightly better, but these indicators should be treated cautiously.

There was increasing concern about rising steel prices and the continuing poor market for commercial vehicles. There was also anxiety about the rising value of sterling against the dollar

The CBI's priority remained a reduction in business costs, rather than measures to stimulate consumer demand.

ROAD TRANSPORT WHITE PAPER

BY LYNTON McLAIN

Lorry users' wishes met

THE GOVERNMENT response to the Armitage report on "lorries, people and the environment," published yesterday in a White Paper, meets the wishes of road hauliers, industrial users of road transport and lorry makers, but it does little to ease the fears of environmental protection groups.

The White Paper, presented to Parliament by Mr David Howell, the Transport Secretary, calls for the legal limit on gross lorry weights to rise by almost a quarter from 32.5 tonnes to 40 tonnes maximum.

This is the higher weight requested by the Road Haulage Association, representing road hauliers, and the Freight Transport Association, representing industrial users of transport. It is also in line with the recommendations of the European Commission for harmonising lorry weights in EEC member States.

Sir Arthur Armitage in his report called for weights to be raised to a 44-tonne upper limit. This was rejected by the Government in the summer.

Environment protection groups, led by the Civic Trust, Transport 2000 and the Council for the Protection of Rural England, all called on the Government not to increase lorry weights. Instead, the environmentalists wanted the Government to implement the Armitage recommendations for protecting people and the environment from lorries.

The Armitage report, published a year ago after a Government appointed inquiry, made 58 recommendations for action by the Government on lorries. The aim of the proposed measures called for by Armitage was "to provide a way of significantly reducing the effects of lorries on people and the environment without putting at risk the vital role of road freight transport in our economy."

The Government accepts in its White Paper that "the effect of big lorries on people and the communities through which they pass is now a matter of grave public concern.

The Government said that with its recommendations it had tried to reconcile the desire for goods to be carried by road with public dislike for lorries with their "noise, fumes, vibration and dominating size."

The Government plans four new by-passes, to ease the effects of lorries on specific communities. These roads will be at Quorn and Mountsorrel on the A6; Beckington on the A36 in Somerset; Iwade on the A249 in Kent and Winchelsea in Sussex. Work is also to be resumed on other by-passes and more priority given to by-passes in Newport (Shropshire), Wisbech and West Walton, Narborough, Kelsall, Brockworth and Bridport.

All these schemes had already been included in the Government's "pool" of road schemes and so are not new. Rather, they have been brought forward.

The Government, however, has ruled out the designation of a national network of lorry routes as "impracticable."

Also Mr Howell has effectively rejected the Armitage recommendation for local "lorry action areas" where the extra costs of noise insulation and other measures to protect the environment would have been paid for by the lorry operators through extra taxes.

Noise controls for lorries are to be tightened with regulations, already in hand, for the maximum noise from the heaviest lorries to be cut from 92 to 88 decibels.

The Government recommendation for a 40 tonne maximum weight lorry is designed to cut industry's transport costs

Lorries at 40 tonnes could help reduce by 12 per cent the number of heavy articulated lorries used by industry

Vehicle fleet to meet road freight demand in Britain

	Number of heavy articulated vehicles	
Gross weight tonnes	No change in weight	Higher weights permitted
32.5 (current maximum)	78,700	24,300
34		7,500
38		29,000
40		7,500
Total		69,300

Source: Department of Transport

Season of ill will and bogus invoices is here says CBI

BY JAMES McDONALD

THE Confederation of British Industry has warned companies that the approach of Christmas means another flood of bogus invoices from "artful dodgers," in the UK and abroad.

In the latest edition of CBI News Mr George Allan, of the CBI's legal division, gives readers "a few lessons Fagin never thought of" about this form of fraud.

"Think of a fairly routine service most companies need. Get an accommodation address —or better still go abroad. Devise a plausible-looking invoice for the service concerned and mail it in huge numbers to companies, the names and addresses of which are in any telephone book. Then wait until the money comes rolling in and, with luck, you might get away before the fraud squad arrives."

It used to be bogus directories which brought in the money until legislation in 1971, 1973 and 1975 made it very difficult.

"So British operators now have to be even more artful. One recent example was a firm which claimed to deliver non-existent goods which had earlier 'arrived' at Heathrow," writes Mr Allan.

But, by far the biggest example of this type of operation, is still the telex directory invoice racket based on the Continent. One "prolific" operator is based in Cologne

"These two organisations send large numbers of forms to UK firms about twice every year. One wave arrives in June-July—when with a bit of luck the key staff are on holiday — and the other in November-December, when business is brisk and large numbers of invoices have to be dealt with."

Mr Allan warns company staff that "by signing an innocent-looking 'confirmation' of your 'editorial entry' in the directory, or by failing to check it out, you can land your firm with bills for up to £1,000."

These invoices contravene the UK law, but because their authors are not inside the UK little can be done to stop them.

"Members receiving this sort of material would do British industry a small service by complaining to the Commercial Attaches of the West German and Spanish Embassies."

Mr Allan gives four pieces of advice to company heads. They should check suspicious invoices and risk a final demand rather than pay up immediately and should make sure that only one staff member can authorise directory entries.

Accountancy firms to operate jointly

By Duncan Campbell-Smith

SPICER AND PEGLER, the country's 11th-largest accounting firm in terms of fee income last year, has put its associated partnership in the Republic of Ireland on to a joint basis with Oliver Freaney, one of the largest Irish accountancy firms.

As a result of the agreement, Oliver Freaney will become the Irish member firm of Spicer and Oppenheim, the international partnership founded by Spicer and Pegler and the U.S firm of Oppenheim, Appel, Dixon based in New York. Spicer and Oppenheim has member firms in more than 30 countries

Spicer and Pegler has no offices in Ireland and the partners of its Irish-registered practice all operate from this country. Until earlier this year they worked jointly with Cooper Magennis, another Irish firm which broke away to join the Touche, Ross International group in February.

UK NEWS

APPOINTMENTS

International Monetary Fund should be 'financial policeman'

BY DAVID MARSH

THE International Monetary Fund had to become more involved in finance for development, even though this clashed to some extent with the role of its sister institution, the World Bank, Mr Richard O'Brien, senior economist at Amex Bank, said yesterday.

He told the Financial Times seminar on international finance for development that although the fund was not, strictly speaking, a development institution, its lending to less development countries had increased in practice.

In the past nine years developing countries had accounted for almost 80 per cent of new IMF loan commitments and use of fund resources. Industrial countries last borrowed from the fund in 1978.

Just because the IMF had not been set up as a development institution this did not mean that such a role should be dismissed. "Institutions do not disappear, they just change their role," he said.

He supported the idea of a "world financial policeman" imposing lending conditions on deficit countries. As the IMF was the best suited to carry out this job, it should lend more long term funds for structural adjustment, even though this would blur the distinction with the World Bank.

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Mr Lawrence Brainard, senior international economist at Bankers Trust told the conference that increased differentials were likely in the lending spreads above Eurodollar rates at which commercial banks make funds available to developing countries.

This was a consequence of increased recognition by the banks of the risk element in international lending.

The list of loan reschedulings, although small, was growing and was attracting the "attention and concern" of regulatory authorities in all countries.

At present Brazil had to pay a higher spread for international borrowings, but most other countries raised money at about half to 1 per cent above Eurodollar rates.

The outlook for borrowing countries was worsened by economic stagnation in the West and high real interest rates on capital markets.

In a list of developing countries' indebtedness, expressed as net bank claims as a ratio of a nation's exports of goods and services, Brazil came out as the country most exposed to high interest rates. Its ratio worked out at 1.66 compared with 1.28 for Mexico and 1.1 for Argentina.

FINANCIAL TIMES

INTERNATIONAL FINANCE FOR INVESTMENT

CONFERENCE

Big borrowers in Asia had a ratio of about 0.5. Countries like India and Indonesia benefited from high real interest rates as they were net depositors with international banks.

Mr Rainer Steckham, director of the European Office of the World Bank, said the bank's recent capital increase had enlarged its lending capacity.

He stressed the importance of co-financing, under which aid agencies lent in tandem with private institutions.

The World Bank would be giving particular attention in the years ahead to agriculture and rural development, energy and sub-Saharan Africa.

Mr Eloy Garcia, London representative of the Inter American Development Bank, called for greater efforts to attract new funds for development finance.

These efforts should include the possibility of creating new ways of recycling the surpluses of Opec nations, and also methods of guaranteeing funds to channel resources from the traditional financial markets.

He also urged fresh forms of co-operation between the multilateral financial agencies and commercial banks.

Opportunities for obtaining external finance suited for development projects were regrettably becoming more limited. The main difficulty stemmed from banks' inability to continue expanding loans to developing countries at the same pace as in the past.

Mr Jaime Laya, governor of the Philippines central bank, told the conference that protectionist policies in the industrialised world were hindering developing countries' efforts to expand production and exports and restore equilibrium in their balance of payments.

He said structural adjustment was needed in deficit countries to bring down costs and prices and boost export earnings.

At the same time the surplus countries had also to adjust in the opposite direction by importing more and exporting less. Such structural adjustment took a relatively long time, requiring financing mainly through the recycling of oil surpluses.

Conditional lending by the International Monetary Fund was required, but tighter conditions were not necessarily the best way of promoting adjustment.

"The consequences of increased prices, unemployment, reduced growth, wage restraints and the like might be economically logical but they could also be socially fatal if they all came at once."

Mr David Suratgar, a director of Morgan Grenfell, said that the environment for developing country borrowing was likely to be more conservative in the 1980s and country and project risk analysis would probably be far tighter than over the last decade.

Commercial banks were operating with capital bases leveraged. Their loan portfolios had a far greater element of developing country risks, and they faced greater prudential regulation over lending to such countries.

Thus, while commercial bank lending was the most dynamic element in the flow of capital to these countries in the 1970s this might not be the case in the 1980s.

Developing nations face curbs in bank loans

By David Marsh

COMMERCIAL BANKS may be forced to curtail lending to developing countries unless Western government institutions played a stronger role in promoting economic adjustments, Mr Lawrence Brainard, senior international economist at Bankers Trust, said yesterday.

He warned that the growing volume of re-scheduled loans on the books of commercial banks, and the likelihood that they might have to make provisions against these loans, was affecting banking profitability.

He told a Financial Times seminar on international finance for development that governments in industrialised countries had indicated to banks that they were running out of money to help the growing number of developing nations with balance of payments problems.

And he delivered a forthright criticism of the recent lending policies of the International Monetary Fund. Conditions attached to IMF lending had been relaxed, which he said underminded the confidence of commercial banks involved in developing country lending.

He warned that they could be forced to curtail lending to reflect the growing risk element in international loans.

Bankers Trust had about 25 per cent of its total assets committed to developing countries and would not be turning its back on such lending. But he said budget constraints in industrialised countries now put severe limits on cash available for hard-pressed cases.

Now that countries like Poland, Costa Rica, Sudan and Bolivia had been added to the list of problem nations, "we see little prospect that substantial amounts of money wil be forthcoming to assist these countries in adjustment programmes."

Financial printers coy with visitors

REPRESENTATIVES of Rothschild, Credit Suisse and National Westminster Bank, with a Government Minister and the Press—were among those admitted yesterday for the first time to the factory floor of Greenaways, the business and financial printers.

But not even Mr Norman Lamont, Minister of State for Industry, was allowed to see the presses where billions of pounds worth of Eurobonds, butter coupons, national savings certificates, takeover documents and mere annual reports are printed.

When Mr Lamont officially opened what the company called one of Britain's most sophisticated computer typesetting systems special screens were erected to ensure that nobody got a peep at the documents.

Mr Lamont praised Greenaways for spending £1.25m on new British technology in the depths of a recession. He said he was particularly pleased that the money was being spent in an inner city area which had been losing jobs. The plant, which employs 600 people, is in Commercial Street, London E1.

But the development, which will enable Greenaways to print its documents at up to 3,000 lines a minute (1,500 characters a second) will initially cost jobs.

About 50 printing jobs have gone through natural wastage and voluntary redundancies agreed with the print unions because of the introduction of the Ferranti CS7 computer-assisted composing system.

The company has moved from a turnover of £40,000 in 1946 to a turnover of £12m today.

Printing federation is relaunched

BY ALAN PIKE

THE British Printing Industries Federation, severely weakened after a national pay dispute two years ago, was yesterday relaunched in a form intended to make it a much more effective voice in the industry.

Priority will be given by the revamped federation to increasing the lobbying power of the British printing industry both at home and in the EEC and helping printing companies to improve their marketing activities, particularly for exports.

The federation—which represents about three-quarters of printing companies—is one of Britain's largest employers' organisations, involved in industrial relations and trade association functions.

Sharp divisions arose among its members after a dispute with the National Graphical Association in which the federation failed to maintain a united front among employers.

A subsequent investigation chaired by Lord McGregor of Durris, former chairman of the Royal Commission on the Press, referred to the Printing Industries Federation's "creaking, unrepresentative and inward-looking system of government."

Lord McGregor recommended widespread changes in the federation, concluding that it was not capable of functioning successfully in its existing form.

Mr John Roberts, the recently appointed director-general of the British Printing Industries Federation, yesterday announced the introduction of a new constitution designed to make the BPIF more representative of members' interests.

An amalgamation has been agreed, too, with the British Carton Association, and discussions on a possible merger are taking place with the Society of Master Printers of Scotland.

A substantial number of printing companies either resigned or were expelled from the federation in the recriminations over the NGA dispute. To establish itself as a fully effective voice in the industry, the Printing Industries Federation now has to demonstrate that it can attract at least some of them back into membershsip.

The British printing industry has been under severe attack from foreign competition in recent years, particularly in areas like book publishing and gravure. The reformed association will need to co-ordinate an effective response to this challenge.

New directories plant

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE PRODUCTION of A to Z telephone and Yellow Page directories by private printers began yesterday in what is claimed to be the world's most modern printing plant of directories.

Ben Johnson, the York-based subsidiary of the U.S. printers, R. R. Donnelley, will build up production to a total of 28m Yellow Page and Alpha (A-Z) directories a year.

This will represent a third of the total yearly print of both directories. The other two-thirds will be produced for British Telecom by the Stationery Office's printing operations at Gateshead and Harrow where all Alpha and Yellow Page directories were previously printed.

The 10-year printing contract, which includes two years for setting up the equipment, is worth £6.5m in sales to Ben Johnson, rising to £10m in 1983.

New general manager for Clerical Medical

Mr Leonard Hall is to retire as general manager of the CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY on February 25 after 43 years' service. He will continue as a director of the Society. Mr Roger Corley, a director since 1975, will become general manager. Mr Andrew O'Leary, also a director since 1975, will become actuary and secretary. Mr Eric Hodson will be assistant general manager (administration). Mr Peter Ford will become joint actuary and Mr Gerald Smyth will become chief accountant.

Mr Roger Corley

★

Mr Graeme James Hammond has been appointed a manager of the Japanese equities department of NEW JAPAN SECURITIES EUROPE, part of New Japan Securities Company, Tokyo.

★

Mr David Scott has been appointed financial controller and company secretary of the CHANNEL FOUR TELEVISION COMPANY following the relinquishing of this post by Mr Roger Lustig due to ill health.

★

Mr G. S. (Steve) Abel has been appointed group managing director of the ROADLINE UK group, a subsidiary of the National Freight Company.

★

TI MACHINE TOOLS has appointed a sales director, Mr Kirk M. Forrest.

★

The SWISS BANK CORPORATION has appointed Mr R. L. Petchey, as deputy manager (first vice-president) and Mr C. L. Davis as assistant manager (vice-president) from January 1.

★

The Trade Secretary has appointed Mr Stuart Lyons as a new part-time member of the MONOPOLIES AND MERGERS COMMISSION from December 1. He is managing director of the United Drapery Stores Group.

★

Mr John Barrett has been appointed technical director of ACROW (ENGINEERS), with special responsibility for the development of the formwork, falsework and scaffolding product ranges.

★

Mr John Renshaw has been appointed deputy chairman of JOHN LAING CONSTRUCTION and chairman of LAING MANAGEMENT CONTRACTING from January 1. He is joint managing director of John Laing Construction. On the same date Mr David Bottom and Mr Oliver Whitehead will become assistant managing directors of John Laing Construction.

★

Mr Geoffrey Hughes and Mr Barry R. Buchan have been appointed directors of ANTHONY LUMSDEN AND COMPANY, Lloyd's brokers.

★

Mr Gordon Byard has been appointed company secretary of the PENGUIN PUBLISHING GROUP and will take up his appointment on January 4. He is company secretary of the Wilkinson Sword Group.

★

SMITH AND NEPHEW ASSOCIATED COMPANIES has appointed Mr John H. Robinson as director and Mr John L. Rennocks as director and secretary, and Mr Michael J. Kiely of Australia, Mr Kenneth F. Lunn of South Africa and Mr Terry F. Winter of Canada as associate directors.

Back benchers attack lorry rules

BY IVOR OWEN

TORY back benchers joined with Opposition MPs in the Commons yesterday in attacking the Government's proposal to raise maximum lorry weights to 34 tonnes for four-axle vehicles and to 40 tonnes for those with five axles.

Claims by Mr David Howell, the Transport Secretary, that the introduction of higher load capacities would check the growth in the number of heavy vehicles using Britain's roads were strongly challenged from both sides of the House.

He was clearly surprised by the force and extent of the criticism and gave a hint that the proposals may well be varied by stressing that the new regulations issued by the Department of Transport yesterday were in draft form.

"The Government has certainly got an open mind," he said.

Mr Howell maintained that the present maximum weight limit on lorries placed an economic handicap on much of British industry.

"Our regulations prevent many existing lorries from being loaded to their full technical weight-carrying capacity.

"This is wasteful. It makes transport costs higher than they need be, which in turn feeds through into prices and makes our exports less competitive."

Mr Howell estimated that the Government's proposals would reduce industry's transport costs by £150m a year, and maintained that through the use of fewer lorries and the provision of more by-passes, the environment would benefit as well.

He explained: "The heavier vehicles will be no bigger than the biggest vehicles on the roads today. Their higher load capacity will enable industry to meet demands for freight services with fewer vehicles than would otherwise be needed."

The Minister also emphasised that there would be safeguards in the regulations on the design of the heavier vehicles to protect roads, bridges and underground services.

Mr Albert Booth, Labour's shadow Transport Minister, condemned the proposals as a "massive concession" to the road and freight haulage lobby.

To cheers, he protested: "Those now suffering from the effects of heavy lorries will be most disappointed and shocked."

Mr Booth argued that the tax on heavy goods vehicles should be increased to match the greater expenditure on road building and maintenance charges resulting from their use.

Mr Howell replied that the Government had already taken powers to prepare for the imposition of higher taxation on heavy lorries. A new assessment was being made of the costs resulting from their use to enable the Government to "go along that path."

The extent of the opposition to the proposals on the Government back benches was underlined by Mr David Crouch (C Canterbury) who announced that he would vote against any regulations embodying the new lorry weights proposed by the Minister.

"Some of us, certainly myself, are appalled by the statement you have made," he declared.

Mr Crouch complained that existing regulations were not sufficient to prevent juggernauts leaving motorways and bypasses and causing difficulties in towns, and the situation would be made worse if maximum lorry weights were increased.

Another significant critic on the Government back benches was Mr John Peyton, MP for Yeovil, a former Transport Minister.

He said there would be a far from rapturous welcome for the Minister's proposals from those who lived, walked and pushed prams in Britain's towns and villages.

Return of fun party's conquering heroine

THE CLAWS were soon out in the Commons yesterday as Shirley Williams, heroine of Crosby, waited patiently to take her seat as the first elected member of the SDP.

The legendary figure, who has been absent from the House for 2½ years, looked humble enough, standing in a dark corner just inside the entrance to the Chamber.

Contrary to malicious rumours, the sainted Shirley had not arrived by walking across the waters of the Thames.

She had travelled down from Crosby by that favourite SDP form of transport, the train, actually jumping into her seat with one minute to spare.

Obligingly, Mr David Steel, the Liberal leader, suggested to the Prime Minister that, in view of the sweeping Alliance success at Crosby, it was her turn to feel "jolly jealous" of Shirley.

The temperature dropped several degrees as Mrs Thatcher, in the manner of a duchess cutting a member of the demi-monde, replied: "Hardly. I really don't think there is anyone in the House to be jealous of."

There was, however, a rather more generous response from the Labour back benches. The bearded thespian, Mr Andrew Faulds (Warley East), in a dig at the Prime Minister, suggested that the House was about to witness "the happy introduction of true femininity, in contrast to the tough, adamantine type we usually have to suffer."

Meanwhile, Mr Michael Foot, the Labour leader, was doggedly attempting to drum up interest in the prospect that the Britis Museum might have to close, unless more funds were forthcoming. This rather curious pre-occupation only seemed to confirm the belief that the Labour Party is steadily retreating into the past.

It certainly bore out Shirley's remarks earlier in the day, when she confessed that her heart sank at the thought of going back to the Commons, as it was "an old man's club."

On the other side of the House, the Tories were in their normal state—split into two camps, with back benchers heaping hot coals on the unfortunate occupant of the Government front bench.

The Aunt Sally this time was Mr David Howell, the Transport Secretary, who had just set the rural Tories seething by announcing that the Government accepted the introduction of heavier lorries on the roads.

Political re-alignment already seemed to have started in the Chamber, with 26 Liberal and SDP members occupying the two front benches below the gangway. The left-wingers had been ousted from their usual perch, except for the Tribunite stalwart Mr Russell Kerr (Feltham and Heston), who had discarded his usual red socks for a bright blue pair: surely not a sign that he, too, is thinking of moving over to the new fun party?

After waiting for an hour, Shirley moved forward to take the oath and sign the book, accompanied by her SDP colleagues, Dr David Owen and Mr Bill Rodgers. Some ribald Tories jeeringly predicted that it would not be long before Shirley replaced Dr Owen as the Parliamentary leader of the SDP.

"This is the death of the Liberal Party," shouted one Tory Cassandra. But, judging by the uneasy silence of most Conservative and Labour MPs, quite a few of them realised only too well that it is the future of their own parties that is under threat.

John Hunt

Withdrawal from EEC 'a deadly game'

By John Wyles in Brussels

A DELEGATION from the national executive committee of the Labour Party left Brussels last night after a two-day visit to the European Commission, apparently more convinced than ever that there are no insurmountable problems over British withdrawal from the EEC.

The delegation, led by party chairman, Dame Judith Hart, was unmoved by the eloquent hostility to the party's policy of former Labour MP Mr Ivor Richard, now the EEC's Commissioner for Social Affairs.

It was even less convinced by warnings from Mr Christopher Tugendhat, former Tory MP and now Budget Affairs Commissioner, that the party was "playing a deadly game with British jobs even by toying with the idea of withdrawing."

"We have come across a number of points that we find extremely useful in confirming the policy we have," said a prim Dame Judith. Withdrawal was necessary in order to implement Labour's alternative economic strategy based on capital controls, import protection and "managed trade," and people ought to understand this, she averred.

Mr Richard, who lunched with the delegation yesterday, understood this and thought it was nonsense. Withdrawal would dry up investment and lose export markets in the UK, which would cost jobs, he said, warning to a debate not often heard within the Labour Party these days.

While Mr Richard, a barrister by trade, was convinced that unilateral withdrawal would have "enormous legal ramifications," Dame Judith and her colleagues said they had received comforting opinions from the Commission's legal services that withdrawal could be negotiated and completed within 18 months.

Did the Labour Party realise that the agreement of other member governments would be needed? Yes indeed they did, Dame Judith acknowledged, and talks would soon begin with other socialist parties in the Community.

President Mitterrand of France and the leaders of the other seven socialist parties currently in government in the EEC would have to realise that Britain's problems were different and more fundamental, and could not be resolved without breaking the Treaty of Rome, said Dame Judith.

Withdrawal was therefore essential for the UK, she added. The walls of the Commission's headquarters did not shake and no thunderbolts were issued at such heresy. The Gods must be reading the polls.

Labour promises to end sales of council houses

BY MARGARET VAN HATTEM, POLITICAL STAFF

LABOUR yesterday promised to act within days of taking office, to free local councils from the obligation to sell council houses to tenants wishing to buy.

The party warned that options taken out by tenants to buy their houses later on would be cancelled, as would uncompleted sales still in the early stages of negotiations.

Introducing a policy statement approved by the national executive committee and by the shadow Cabinet, Mr Gerald Kaufman, Labour's environment spokesman, said the party would not act vindictively or spitefully towards those who had already bought council houses.

But he urged council tenants contemplating house purchase under the Government's 1980 legislation, which compels local authorities to sell homes to those wishing to buy, to take account of Labour's policy.

Labour would, within days of taking office, announce its intention of ending compulsory sales.

Legislation would follow within weeks, backdated to the day of the repeal announcement, and all purchase applications made after that date would lapse automatically.

In the case of applications made before that date, much would depend on how far the sale had proceeded.

If all the details of price, mortgage and terms of sale were agreed, it would be allowed to go ahead.

But where the sale was less advanced, the council would be allowed to withdraw without penalty.

All options to buy still outstanding on the date of the repeal announcement would be cancelled, and all £100 deposits would be returned.

Rates poll Bill may be replaced

By Margaret van Hattem, Political Staff

THE GOVERNMENT appears to have dropped plans to use either elections or referenda as a means of limiting local authority rate increases. It now hopes to press ahead next week with its controversial legislation on local government finance.

However it is not yet clear whether it will proceed with a Second Reading of the Local Government Finance Bill, introduced earlier this session, or whether it will seek to rush through an entirely new Bill.

Much depends on a House of Lords ruling, expected later today, on Lord Denning's ruling against the GLC's supplementary rate to subsidise lower fares on London Transport. If Lord Denning's ruling is upheld the Government may well consider the precedent to be sufficient sanction against high spending local councils, for whom transport is a major budgetary item.

If the GLC's appeal is upheld, Transport Minister Mr David Howell may consider further measures later in the session to discourage other local authorities from following the GLC's example.

The matter is due to go before senior Cabinet Ministers tomorrow and it is hoped that the second stage—either a Second Reading of the existing Bill or a new Bill—can be included in next week's business.

The Government was forced to delay the Bill's Second Reading when mounting opposition on its own back benches posed a very real threat of an embarrassing defeat. Much of the opposition centred on proposals requiring local authorities to who wished to raise rates above levels determined by central government to submit their plan to a referendum.

An alternative proposal requiring local authorities to hold immediate elections rather than referendums was mooted. But while many of the dissenting backbenchers appear to have found this acceptable, it seems to have been rejected by the Prime Minister and by senior party officials.

The outcome now considered mostly likely is that the Government will proceed with the original Bill, dropping the clause relating to referendums.

Consumer issues dominate Private Members' Bills

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THREE NEW BILLS to increase consumer protection are to be put forward by three MPs who have been successful in the recent ballot for Private Members' Bills.

The three Bills are not controversial but merely seek to tidy up existing consumer protection legislation. As such, they stand some chance of becoming law, although this is by no means certain.

Mr Fred Willey, Labour MP for Sunderland North, came first in the MPs' ballot and is sponsoring a Supply of Goods and Services Bill. This has the support of both the Consumers' Association and the National Consumer Council.

This Bill would clear up some of the present anomalies in the law relating to goods, such as extending buyers' rights to cover hire goods.

The Bill will also spell out consumers' rights when they obtain a service, such as a television repair, dry cleaning, or car servicing.

Mr Willey said yesterday that the Bill "aims to make life easier both for consumers and for reputable traders by making it clear what the law says and what consumers' rights are."

Second in the ballot was Mr Norman Atkinson, Labour MP for Haringey, Tottenham, whose Bill seeks to impose stiffer penalties on traders who contravene the existing food regulations, especially those companies which sell unfit meat.

Norman Atkinson

The third Bill, sponsored by Mr Gwilym Roberts, Labour MP for Cannock, would bring estate agents and tour operators within the scope of the Trades Description Act.

Mr Roberts came 12th in the ballot, however, so his Bill stands least chance of becoming law.

Mental Health Bill 'will protect patients'

Financial Times Reporter

NEW SAFEGUARDS aimed at giving greater protection to people detained in mental hospitals were unveiled in the Lords today by Health Under Secretary Lord Elton.

The Mental Health (Amendment) Bill provides that people should generally not be admitted to detention in hospital if their condition is untreatable.

Patients will get more frequent access to mental health review tribunals and there will be more stringent use of the regulations over treatment given without patients' consent.

A special health authority would be set up to oversee the powers to detain and treat patients said Lord Elton, opening the Second Reading debate on the Bill.

Thatcher pledges more aid for British Museum

THE PRIME MINISTER yesterday promised more aid next year for the British Museum.

Opposition leader Mr Michael Foot pressed Mrs Thatcher to intervene "and put an end to this barbarian nonsense."

Mrs Thatcher said the grant for this year was 7 to 8 per cent more than last year.

"The museums may look forward to some increase next year. The precise amount will have to wait for the full public expenditure results."

Liberals 'concerned' over allocation of alliance seats

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE UNDERLYING tension between the Social Democrats and the Liberals over the allocation of parliamentary seats surfaced again yesterday.

Mr Hugh Jones, Liberal general secretary, told the SDP the Liberals were "deeply concerned" at the lack of progress made in negotiations.

The two parties agreed in October that the negotiations should be carried out by 33 local joint negotiating teams, subject to national guidelines. None of these committees have yet met, and only seven area groups are due to meet before Christmas.

The Liberals fear the delay could mean that some of the goodwill towards the alliance generated during the party conferences could slip away. They have warned the SDP that agreement could become more difficult in some areas unless the committees start meeting soon.

Some Liberals believe the delay is deliberate and think the SDP would prefer no deals to be struck until after January 1—after that MPs joining the SDP from other parties will face reselection. Others say the delay is due to the fact that the SDP wants a national representative at each meeting, and that this presents logistical problems.

Prison letters censorship eased

CENSORSHIP of letters written by prisoners is to be relaxed, Mr William Whitelaw, Home Secretary, announced yesterday.

In a Commons written reply he said they may now write to virtually anyone. They may also use "improper language" and make "objectionable references to people in public life."

However, the number of letters a prisoner may send remains the same, and correspondence presenting a threat to prison security may be stopped.

Electricity prices may be reduced for heavy industry

BY RAY DAFTER, ENERGY EDITOR

THE PRICE of electricity to the steel industry and other bulk buyers of power may be reduced as a result of a Government review into industrial energy pricing. Mr Nigel Lawson, Energy Secretary, hinted yesterday.

Mr Lawson told the House of Lords energy sub committee that it was possible some changes could be made to the bulk supply tariff. This could provide "some slight amelioration" to heavy industry's problems.

The UK electricity supply industry, under its present statutory remit, was not allowed to discriminate in favour of certain customers or industrial sectors. This was also a matter under review, said Mr Lawson.

The Government was looking at the electricity tariff structure in the light of the recent report of the National Economic Development Council's task force on industrial energy prices.

The report showed that whilst industrial electricity prices to most consumers in England and Wales were in line with most Continental countries, bulk buyers of power were at a competitive disadvantage.

Large users of electricity in France paid 10 to 28 per cent less than their UK counterparts. In West Germany, industries were paying up to 30 per cent less than their British competitors in certain circumstances.

Mr Lawson said the French electricity industry benefited from substantial hydro-power supplies and a vigorous policy of nuclear power generation. "There is nothing unfair about that," he said but he was concerned that the UK should not suffer a competitive disadvantage as a result of hidden subsidies on the part of foreign competitors.

As a result, he welcomed the European Community's recent agreement on energy pricing principles, due to be formally endorsed by the Council of Ministers tomorrow. The agreement stressed the need for "consistent and clear energy pricing policies" within the EEC, said Mr Lawson.

Following a UK initiative the Community had accepted that energy prices must not be kept artificially low and that users should have adequate access to information on prices and on the methods by which tariffs were determined.

"I feel sure that the endorsement and application of these energy pricing principles will be welcomed by British industry as a step along the road of ensuring it is not put at an unfair competitive disadvantage," commented Mr Lawson.

Lord Kearton, former chairman and chief executive of British National Oil Corporation, challenged Mr Lawson over North Sea oil taxation. It was clear that oil companies were now suffering from too onerous a tax system, he said. Mr Lawson said the taxation system was under review.

Esso tanker drivers likely to back shop stewards' all-out strike call

BY IVO DAWNAY, LABOUR STAFF

TANKER DRIVERS and depot men at Esso look set to back a shop stewards' recommendation for an all-out strike in support of an 11 per cent pay claim, a senior union official said yesterday.

Calls for sporadic one-day stoppages at Shell and Texaco terminals also appear to have been supported in shopfloor ballots conducted this week.

First reports of voting by 1,750 drivers and depot men at Esso terminals yesterday indicated widespread backing for an all-out strike following the rejection of the company's final 8.1 per cent pay offer last month. A vote by normally moderate drivers at Esso's Fawley terminal, near Southampton, on Monday accepted the shop stewards' recommendation by a margin of 66 to 17, a local union official said.

Mr Jack Ashwell, road transport secretary at the Transport and General Workers Union, said that the workers were "incensed" by the companies' refusal to increase the offer.

"I am certain we will have an overwhelming vote in favour of an all-out strike by Esso drivers," he said. "I am just as certain that Texaco and Shell drivers will also vote in favour of random one-day strikes."

Mr Ashwell said that should the strike call win backing from the men, picketing at all Esso plants would go ahead. He expected that drivers attempting to collect fuel for independent oil companies would agree not to cross picket lines.

Votes conducted at the three companies will be collated at meetings of senior shop stewards in London today. However, some Esso stewards are expected to press for a delay in strike action until Monday to allow management time to reconsider increasing their offer.

The balloting this week concludes almost a month of uncertainty over the tanker drivers' pay claim. The drivers have been seeking parity with an 11 per cent settlement agreed between workers and management at Mobil in May. However, last month BP drivers voted by a substantial majority to accept the company's 8.1 per cent offer.

Unlike Shell, BP and Mobil, Esso has yet to win the agreement of its drivers to a productivity deal. This has left it trailing a little behind on pay.

The settlement at BP will raise average earnings to £217 a week. The Esso offer would raise them to about £183.

Texaco is close to agreement on a productivity deal. With the 8.1 per cent offer on basic pay this would raise potential earnings from £150 to £190-£200 a week.

TUC considers action over labour law plans

BY PHILIP BASSETT, LABOUR STAFF

TUC LEADERS began framing their response yesterday to the Government's proposals for labour legislation by considering a range of actions, including a short national strike and withdrawal of trade union representatives on industrial tribunals.

The TUC Employment Policy and Organisation Committee held a special meeting to discuss the proposals announced last week by Mr Norman Tebbit, the Employment Secretary, which include limitations on legal union immunities and increased compensation for closed-shop "victims."

A preliminary paper presented to the committee yesterday noted that "the implication of these proposals for trade unions' organisation and practices—and their effectiveness—could hardly be more dangerous."

The committee resolved to take up Mr Tebbit's invitation to meet him over the proposals, though that meeting is unlikely to be until the New Year, since the committee will hold a further meeting on December 16 on a paper to be presented to Mr Tebbit clearly rejecting the proposed changes.

The TUC employment committee decided to mount a campaign on the proposals before any legislation was passed. It will take a number of forms: publicity and advertising; a national conference, probably next month, of all unions, supported by regional conferences; and pressure on employers through the TUC Committees for individual industries.

The most controversial proposal was made by Mr Sid Weighell, general secretary of the National Union of Railwaymen, who suggested, without opposition, calling a short stoppage in support of the campaign. Times between 15 minutes and an hour were mooted.

Such a move, like the TUC Day of Action last year, could raise constitutional problems for the TUC with its affiliated unions and lay it open to charges of mounting political strikes. The Day of Action was less than fully supported by NUR members.

The other main tactic suggested was withdrawal of the TUC's 700 representatives on industrial tribunals. Both this and Mr Weighell's proposal will be considered at the meeting on December 16 and then at the full TUC General Council.

The committee considered a strategy to resist the proposals if they become law.

A code advising members on any loopholes in the Act seems likely to be issued, but TUC leaders were careful not to reach hasty decisions for fear that Mr Tebbit might act against the very kind of protest they were considering, if it has not covered under the new proposals.

Poll begins for miners' president

By Christian Tyler, Labour Editor

POLLING begins today in the ballot to chose the next president of the National Union of Mineworkers—one of the most important trade union jobs.

The 240,000 miners will be electing a successor to the moderate Mr Joe Gormley, who retires next March after 10 years.

It is being almost universally predicted that Mr Arthur Scargill, Left-wing president of the Yorkshire miners, will win easily.

If he is successful, the union will have a president and vice-president who are both on the Left. Traditionally there has been a political balance. Mr Michael McGahey, Communist vice-president, has played a large part in Mr Scargill's campaign.

Voting returns from the 210 collieries will be counted by the Electoral Reform Society in London from next Monday afternoon. The result is due to be declared at the Thursday meeting of the union's national executive committee.

The process will be interrupted by a further wage negotiation meeting between the union and the National Coal Board on Tuesday.

The union is trying to extract an increase in the 9.1 per cent "final" offer from the board. Acting partly under the influence of the election, the national executive committee has unanimously rejected the offer against Mr Gormley's advice.

The three candidates standing against Mr Scargill are Mr Trevor Bell, secretary of the white collar area COSA, Mr Ray Chadburn, president of the Nottinghamshire miners, and Mr Bernard Donaghy—the outsider—who is president of the northwest area.

Sealink ferry crews plan to run Dieppe service

BY OUR LABOUR STAFF

A CONSORTIUM of 250 crewmen and officers operating Sealink's Newhaven to Dieppe ferry service are preparing plans to take over the route if the company decides to withdraw from its contract with SNCF, the French state-owned railway company.

At a mass meeting yesterday, masters, officers and ratings voted overwhelmingly to form the Newhaven Ferry Group and seek financial backing for the project. The men also undertook to contribute £1,000 each to provide seed capital for the new service.

The seamen are convinced that Sealink is planning to abandon the route if negotiations opening tomorrow with the French authorities fail to agree on new terms.

The Newhaven to Dieppe service is two thirds controlled by SNCF, which runs two passenger and car ferries. The remaining third of the service is provided by Sealink's ferry, the Senlac.

Sealink estimates that losses on the route are likely to be more than £1m by the end of the year, when the present contract expires.

Pickets tighten grip on BL

By Arthur Smith, Midlands Correspondent

PRESSURE is mounting on the management of BL Cars to take a new initiative as pickets tightened their grip on the strike-hit Longbridge plant in Birmingham.

The number on strike has climbed from 2,200 to about 4,000 following the company's appeal to workers to ignore union advice and report for duty from Monday. The move has merely sucked more workers into the dispute about the proposed cut in tea-breaks and rest periods in finance a one-hour reduction in the working week.

Shop stewards have organised a round-the-clock picket at the Longbridge gates in an effort to halt supplies into and out of the factory.

Setback for BSC move towards local pay deals

BY OUR LABOUR STAFF

THE BRITISH Steel Corporation's biggest union yesterday refused to go along with BSC's plan to negotiate next year's pay deals only at local level, until it has made a further attempt to extract concessions on pay and jobs.

The central negotiating committee of the Iron and Steel Trades Confederation will hold talks with the corporation today.

The ISTC's decision, taken yesterday at meetings of its executive council and the 70 member negotiating committee, is a setback to the corporation's hopes of winning acceptance of its pay plan. This would make the pay rises dependent on productivity measures including local agreements to shed some 19,000 jobs by next July.

State industries council urged

BY BRIAN GROOM, LABOUR STAFF

THE FORMATION of a joint council of unions and managements to defend the interests of nationalised industries was urged yesterday by Mr Sid Weighell, general secretary of the National Union of Railwaymen.

He told a TUC conference on the nationalised industries that "if we can't tackle the problems of these industries in this way, this Government will take us all to the cleaners."

State industry chairmen must speak out, he said. Though Sir Peter Parker, the British Rail chairman, was a first-class manager, the constraints under which he worked—on investment and borrowing in particular—meant there was a danger he could be branded a failure by the time he left.

Mr Weighell said the need to control the "commanding heights" of the economy was as great as ever. The state industries' problems meant that something had gone wrong along the road.

Mr Reg Bird, national officer of the Association of Scientific, Technical and Managerial Staffs, said that if the Conservative Government was able to devise ways of selling off the profitable parts of the nationalised industries, it should not be beyond the wit of the Labour movement to find ways of re-nationalising them so as to deny profit to private speculators while safeguarding the interests of pension funds and worker shareholders.

Mr Stan Orme, MP, the Labour Party's industry spokesman, broadly agreed with him. Mr Tom Jackson, general secretary of the Union of Communication Workers, who chaired the meeting, reiterated the TUC general council's reservations about renationalisation without compensation, which this year's congress voted for. It needed to be looked at carefully but not as "an exercise in socialist virility."

Mr John Edmunds, national energy officer of the General and Municipal Workers' Union, urged the unions to demand a series of meetings with ministers to discuss energy problems, instead of seeking ad hoc ones to discuss individual issues.

He attacked the Government for taking decisions on investment projects—such as the proposed North Sea gas-gathering pipeline—on grounds such as the public sector borrowing requirement.

TECHNOLOGY

EDITED BY ALAN CANE

Guide for computer buyers

BY GUY DE JONQUIERES

MANY SMALL businessmen are probably wondering whether to buy a computer. Those who decide that the answer is "yes" must then face up to a bewildering array of further decisions about which machine to choose, how much to pay, what software to use and how to get staff to operate the system.

One way to thread a path through this labyrinth is to seek the views of others who have already plunged in. That is what researchers at the Marketing Department of Lancaster University did to produce their newly-published study, *Small Computers in Small Companies*.

The result is a handy guide for the uninitiated, based on the first-hand experience of 100 selected users.

The first main finding is that only one in 10 small companies in Britain has its own computer. Ownership also appears to be highest in service industries and lowest in manufacturing.

Irritating

For the purposes of the survey a small company is defined as one employing less than 200 people. The study covered computers costing up to £80,000 including software, though 17 of the companies had systems costing less than £4,000.

No less than 92 of the companies considered that computerisation was a success, even though 84 of them had had no previous computer experience and many had to live through irritating teething problems before their machines worked properly. Only four companies thought that computerisation had been a failure.

The most common application for computers, the survey found, was accounting, followed by general applications such as stock control, statistical calculations, data base management, production control and financial modelling.

A number of users were running specialist software packages designed for applications like insurance broking, property management and engineering, but only a small minority were using their machines for word processing.

The most popular reason for acquiring a computer in the first place was to improve information—and data-processing. Other reasons were to improve planning and control, to replace existing equipment like accounting machines, and to be able to expand without extra staff.

Twenty-two companies also said that they were responding to external pressures, including articles in the Press and the fear that competitors might be stealing a march on them.

For some small companies, their machines were a mark of status. "They know you're in the big league when they get a computer printed invoice" was the view of one user surveyed, while several others said that they chose dot matrix printers instead of daisywheels because the printout looked more obviously as though it had been done by a computer.

Choosing a computer appears to be a somewhat haphazard process. The companies surveyed said that the most popular sources of information were suppliers, other users, publications and trade shows. Only 24 of them used consultants to guide them and 19 said that they used no source of information whatsoever.

Attitudes

Although 57 of the companies said that their purchases were guided by the features of the different systems on offer, most seemed to have taken suppliers' claims on trust: 58 companies bought their machines without having seen them in action. Only about one-third carried out formal feasibility studies before buying computers.

Attitudes to suppliers varied considerably. Three-quarters of the companies said that they were satisfied that the claims of hardware sellers had been met, and two-thirds said the same of software sellers.

But 35 advised intending buyers to beware of sellers. As one executive put it: "This is Marlboro country. There are so many cowboys around, it isn't true."

Only a minority of the users surveyed had a totally painless initiation into using a computer. More than 60 reported some type of problem early on, due to deficiencies in hardware or software, or to longer-than-expected installation. The most common hardware headaches were with back-up memory storage units and printers.

About three-quarters of the sample also encountered mechanical breakdowns once their machines were in operation, with problems corresponding, broadly, to the amount of usage their computers received.

Few companies had much knowledge of how computers operated, and tended to view them as black boxes. One unfortunate executive tried to "mend" his computer by switching it rapidly on and off, as he did when his television went wrong. The result was a "crash" which took several days to repair.

Most companies were satisfied with the service and support provided while their systems were under warranty. But some found that the quality of service tailed off when independent organisations took over after their warranties expired.

Most claimed to spend about 10 per cent of their system's cost annually in maintenance, though in one case this was as high as 30 per cent.

Very few of the companies experienced staff problems as a result of computerisation. Perhaps this was because of the attitudes taken by senior management. One senior executive is quoted as saying: "Object to the computer? They know where they would be if they did. On their bikes and down the road."

Though the majority of companies were happy with their computers, a number were worried about becoming too dependent on them. Concern about how their businesses would function if the computer broke down for a long period and mystification about how the machine worked were both cited as sources of anxiety.

Said one user: "It feels like handing over the keys to your front door to an acquaintance. You expect it will probably be all right but you are not sure."

PROFILES OF SUCCESS

Successful Users	Less Successful Users
are in distribution or service organisation	bought the cheapest machines
were experienced in computers	were inexperienced in computers
bought because they wanted better information processing	were pressured into buying
used in-house tailored software	used trade shows and dealers as major information sources
put in management accountancy or professional/service special applications	had only low level training course which in turn proved inadequate
have plans to expand their computer operations in the future	experienced software problems
	put in standard accounting applications
	had no service contract
	have no plans for the future

ADVICE TO INTENDING BUYERS

General Area	Number of Mentions
Beware sellers	35
Analyse your systems	24
Learn about computers	22
Watch for these systems features	21
Get impartial advice	19
Specify software requirements	16
Plan for gradual implementation	13
Plan for the future	11
Expect problems	9
Get your objectives sorted out	9
Packaged programs vs tailoring?	8
Be committed	7
Watch the price	4
TOTAL	198

Lexidata 3400 terminal for high-quality imaging

OPERATING AS an intelligent peripheral device attached to a host minicomputer, the Lexidata 3400 terminal just introduced into the UK by Intertrade Scientific of High Wycombe can bring high quality raster imaging in monochrome, greyscale, or full colour to printed board design, mechanical draughting, satellite imaging and similar applications.

The 3400 is said "to drastically reduce the computer time and memory overhead needed to perform picture display and manipulation functions."

Using a fast micro, the 3400 off-loads such functions from the host and offers pixels (fundamental picture elements) only nine nanoseconds wide, with fast risetime and minimum ringing (multi-imaging of edges).

Refresh memory can be arranged in resolutions from 256 × 256 up to 1280 × 1024, with up to 16 intensity levels.

Swift set for 300,000 messages

ARBAT, the London-based international banking computing specialist, has opened a new operation in Bahrain to prepare the ground for business that should result from the start up of Swift in the Middle East in about 15 months time.

Swift (The Society for Worldwide Interbank Financial Telecommunications) is the international banking communications network owned by 752 banks in 36 countries.

With operating centres in Belgium, the Netherlands and the U.S., the system will be transmitting 300,000 messages a day by the end of this year. In March the Japanese banks come on line.

Arbat's object, says Tony Felstead, marketing manager, is to offer a single source of supply for banking computer and communications systems including hardware, software, installation, engineering and maintenance.

Apart from the Swift package that Arbat can offer, two other systems have been developed to match the banking environment in the Gulf.

Pass books

One is called the Offshore Banking System and it can handle general accounting, interest accruals, foreign exchange transaction processing, commercial loan transactions and several other tasks.

The other is called International Banking System and is designed primarily to handle "high street" banking in terms of multi-branch accounting, interest, loans, deposits and so on.

Since the use of pass books is common in The Gulf, Arbat will be supplying Philips pass book reader/printers. DEC computers will be generally employed, and systems will be offered in modular form so that customers can opt only for those parts relevant to their operations.

The Bahrain head office of the new operation will be connected to terminals in branch offices in other parts of The Gulf.

At the centre will be a DEC PDP 11 machine, allowing central computer support of the whole operation. One of the facilities will be remote software fault diagnosis over land lines. More on 01-248 6499.

GEOFFREY CHARLISH

Honeywell delay by Telecom

BY ELAINE WILLIAMS

HONEYWELL'S plans to expand its system which conserves energy over a telephone line is being hampered by delays in obtaining private telephone circuits from British Telecom.

Birmingham University and such companies as Rank Xerox and Industrial and Commercial Finance Corporation are connected to the system which monitors and controls heating, ventilation and air conditioning in buildings many miles away.

Mr Stan Stage, Honeywell's Building Operations Service Manager says that the growth of remote monitoring systems is slowed by the state of the British telecommunications system. Mr Sage is critical of delays in the provision of private telephone lines by British Telecom.

He says that it can take between six months and two years to obtain a private line while in the U.S. these are provided in three months.

In the past two years there has been a dramatic increase in demand for private lines in the UK which has caused problems for British Telecom.

Honeywell started its Boss system in April last year with an investment of £300,000, but does not expect to make a profit on the venture until 1984 or 1985.

Basically, the system comprises a computer at its Boss centre at Stratford in East London. This is connected via the telephone line to sensors and controls located at customers' premises.

The sensors measure temperatures inside various parts of a building, operate fans, turn on and off boilers and refrigeration plants, and can detect smoke and fire.

Savings

The computer scans each monitoring point regularly and looks for temperature changes. It checks that boilers and refrigeration units for air conditioning have switched on and off at the right time.

It does this by sending out a code down the telephone line but only the sensor with the right code will respond to the request for information, even though it is received by all the sensors.

According to Honeywell, a company could expect to save between 15 and 40 per cent annually of its heating, ventilating and air-conditioning bill through better control.

However, it would benefit buildings only where all three elements exist. For example, a building which has heating only could save money by using simpler thermostatic controls.

Britain is the only country, apart from the U.S., in which Honeywell offers its rental system for energy conservation. Other Honeywell subsidiaries in Europe are considering introducing similar systems and the Netherlands is likely to be the first.

Lip-service

In the U.S. the Boss system has been established for about 10 years. From one of its control centres in Denver, Colorado, about 40 organisations are connected to the system which also handles fire and security of buildings, if so required.

The company believes that the organisations which stand to benefit most from such systems have medium-sized buildings such as hospitals, or universities as well as commercial premises, which can make savings by introducing an integrated energy-saving system, but which are not large enough to justify the cost of buying a computer system outright.

The Boss system, for example, would cost £3,000 to instal plus a further £5,000 for annual running costs.

British companies still pay lip-service to energy conservation mainly because of the fluctuations in fuel costs. This causes the country to oscillate between periods or crisis and relatively cheap energy, although the underlying trend has been one of increasing prices.

Only about 10 per cent of buildings in the UK have a co-ordinated energy management system although the percentage is higher when one takes into account *ad hoc* measures to conserve power.

Castings

THE article on Replicast, the new foundry technique, scheduled for today has been held over but will appear tomorrow.

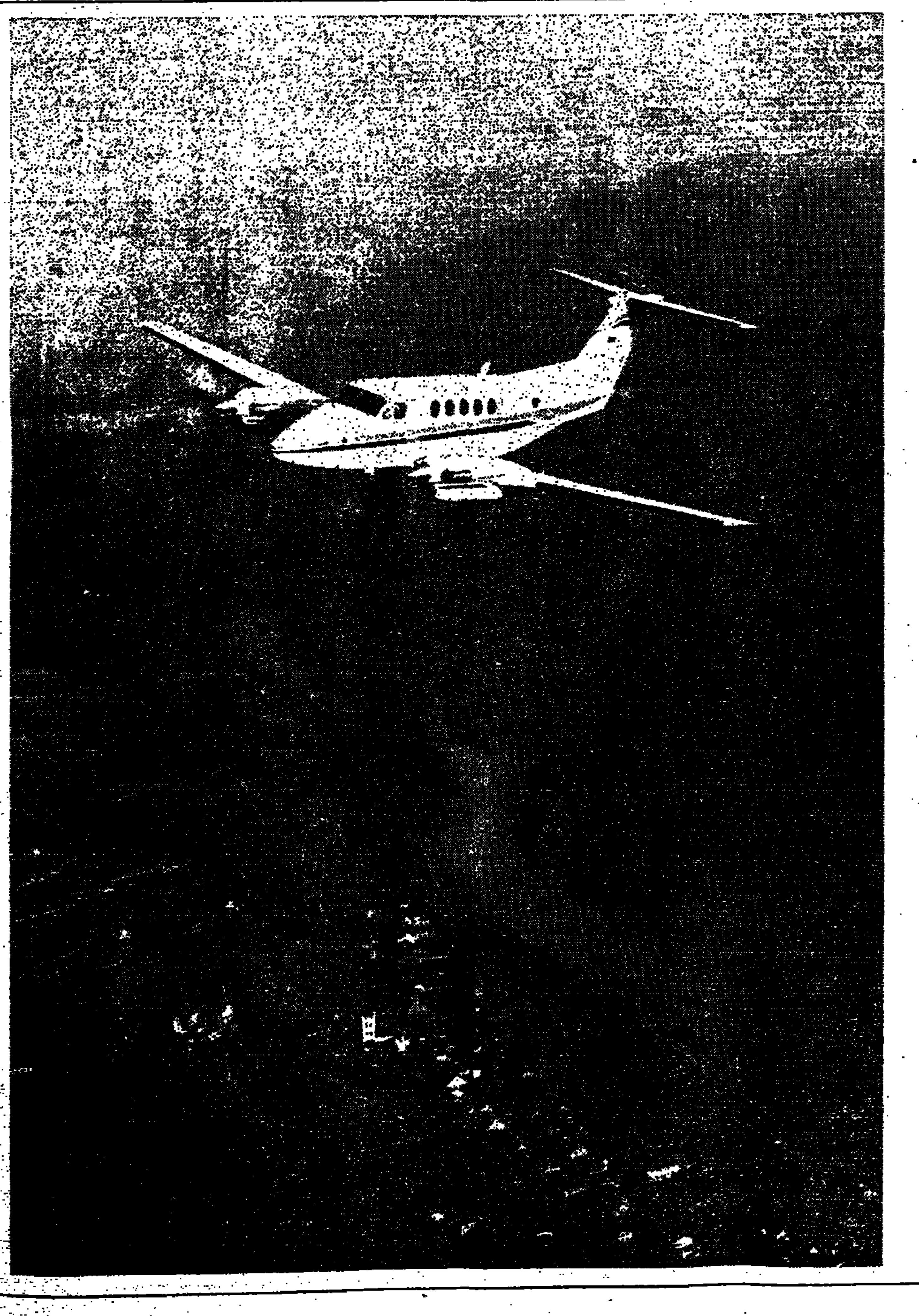
Traffic control

DUTCH MOTORWAY 13, which runs between Rotterdam and The Hague now has a surveillance and control system based on spaced sensors and a distributed computing system.

Designed by the Ministry of Roads and Waterways, the scheme makes use of Philips Data Systems computers. Traffic density is continuously monitored by sensors placed at 0.5 km intervals in the road surface. Data from the sensors is pre-processed by microprocessor detection stations at the roadside. The information from three of these stations at a time is dealt with by a minicomputer by an outstation, resulting in a brief description of the traffic situation in each lane segment.

The outstations are all landline-connected to a central computer where a complete analysis of the motorway situation is conducted every four seconds.

Based on the outcome, advice is given to motorists on a "real time" basis by means of matrix fibre optic indicators positioned over each lane.



FT COMMERCIAL LAW REPORTS

Employer's rights before administrative body

REGINA v NATIONAL DOCK LABOUR BOARD, EX PARTE BRITISH TRANSPORT DOCKS BOARD
Queen's Bench Division (Crown Office List): Mr Justice Forbes: November 26 1981

WHERE AN administrative body, in the exercise of its functions, considers a union's complaint about an employer, it has a duty to act fairly towards the employer by allowing his views to be put forward; but the fact that it eventually reaches its decision on the complaint by means of a point which was not in the employer's mind when he put his views forward, does not put the administrative body under an obligation to hear his argument on that point.

Mr Justice Forbes so held when refusing an application by the British Transport Docks Board (BTDB), port employer, for an order of *certiorari* to quash a decision of the National Dock Labour Board, an administrative body, that the BTDB was in breach of the Dock Workers Employment Scheme 1967.

HIS LORDSHIP said that the BTDB was the largest port employer in Southampton, employing about 1,600 of the 1,660 dockers in the port. The dockworkers' position was regulated by the Scheme in be found in Schedule 2 to the Dock-workers (Regulation of Employment) (Amendment) Order 1967.

The purpose of the Scheme was to regulate the employment of dockworkers so that they should not suffer from the old historical disadvantages of being paid only when jobs were available. The purpose of the National and the local Dock Labour Boards was to administer the Scheme, the local boards being made up of equal numbers of employers' and workers' representatives.

All the Southampton dockers were members of the Transport and General Workers' Union. A dispute arose between the union and the BTDB, and the union authorised lightning strikes and a period of non-co-operation. Following the lightning strikes of March 10 and 11, 1981, the BTDB required an assurance from each dockworker that all industrial action would cease, and said that until such assurances were received, the dockworkers would not be provided with work.

As a result, the union complained to the local Dock Labour Board that the BTDB had refused to employ registered dockworkers. It asserted that the BTDB's conduct was "unilateral action" and was in breach of clause 9(2)(a) of the Scheme which provided that employers were under an obligation to employ registered dockworkers. A meeting of the local board took place on March 18. No notice was given to the BTDB, but more than one of its officers, including a Mr Noddings, were members of the local board and were present.

At the meeting Mr Noddings argued in defence of the BTDB that it was not in breach of clause 9(2)(a), and that the clause merely made it necessary for the BTDB to employ any registered dockworker. He contended that "employ" did not involve giving the dockers work, but merely meant that they had to be kept on the books. That question did not have to be decided at present, but the argument had some force. Mr Noddings also said that, having regard to the behaviour of the dockworkers and their failure to give the required assurance, the BTDB was entitled not to pay them or provide them with work.

The local board failed to reach any conclusion because its vote was split on party lines between employers and employees. It referred the matter by letter to the national board, setting out very truthfully what had happened at the meeting, and enclosing a resumé of the facts. That resumé was accepted by the chairman of the local board, who was a union official, and by the deputy chairman, who was Mr Noddings. The views that Mr Noddings had expressed to the local board were properly set out.

The local board asked the national board to consider whether a breach of clause 9(2)(a) had taken place, but the national board's decision was that the BTDB was in breach of the Scheme under clause 14A which provided a method for dismissing registered dockers.

*

The decision was conveyed to the local board and to Mr Noddings, and a few days later, to the BTDB. Although it was a matter of confidentiality, it was also later communicated to the union. In consequence, the BTDB was put in a difficult situation in its negotiations with the union, and had to withdraw its suggestion that it was entitled not to pay its men. It had to pay out £678,000, and there was no doubt that, as a result of the publication of the decision to the union, the BTDB was severely affected financially.

The BTDB now sought to attack the national board's decision. Mr Lewis, for the BTDB, said that although the national board was not strictly adjudicating between the parties, it had taken a decision which it must have known would have grave effects on the BTDB's reputation and financial position, and in those circumstances it had a duty to act fairly. He said that if the national board intended considering whether there was a breach of clause 14A instead of clause 9 (2) (a), the BTDB ought to have had an opportunity to argue on the points raised by clause 14A.

Mr Hunter, for the national board, said that the national board was an administrative body and that, unlike a judicial body, it was not subject to any principle of fairness. Even if it were, he said, there was no unfairness in the present case.

There was a wide spectrum between completely judicial acts on the one hand, and administrative acts on the other, but administrative acts nevertheless carried with them some duty to act fairly. There must be some point in a case like the present, where the person affected should have an opportunity of at least putting his view forward.

The BTDB had had a fair crack of the whip in front of the local board. It had indicated what its argument was, and that argument was certainly before the national board. Its lack of an opportunity to develop the point under clause 14A was not so singular as to lead to a finding that the national board had acted unfairly.

*

The national board should have borne in mind that its decision might have very considerable consequences, but it was nevertheless primarily an administrative body, and its judicial content was not such that it was required to hear argument on every matter which might be relevant. It had paid particular attention to detail. The BTDB's case had been adequately put to it, and the fact that the decision referred to clause 14A did not mean that the BTDB should have been afforded an opportunity of arguing about clause 14A as well as clause 9(2)(a). The application should be refused.

For the BTDB: Esyr Lewis QC and Douglas Day (Edward Knight).

For the National Dock Labour Board: Ian Hunter QC and Simon Crookenden (Hill, Dickinson & Co.).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

SOME smart hurdlers have been attracted to Fontwell for today's E. Coomes Handicap. Five of the six who head the weights are previous visitors to the winner's enclosure there.

Although Killer Shark is fully entitled to his position at the head of the handicap, I suspect that he will again find the concession of over a stone to Upton Bishop beyond him.

Two or three others also make more appeal at the weights.

At the last meeting at Fontwell the five times course winner, Upton Bishop, a Salvo gelding who finds by far his best form there, quickened away from his pursuers to land the Rank Challenge Cup after making all his own running. Killer Shark, a long way back in fifth place, will be all the better for the race (his first of the campaign) but is likely not to get even close to turning the tables on a pound better terms.

Tea Pot, a heavily backed favourite for Ascot's Snow Hill Hurdle on November 21, will have plenty of supporters as a result of her third-placed run there. She, too, has clear prospects of toppling Upton Bishop on a line through Eddie.

But a better win and place alternative for those wishing to oppose Upton Bishop is probably Mr Moonraker.

A winner at Haydock last time out, this ultra game four-year-old has made considerable improvement since racing to an eight lengths triumph over Athgoe Hill at Kempton early this year. He represents Susan Morris's stable at Chard, Somerset, which last season produced the winners of 11 races from a string of only 12.

Whatever the fate of Upton Bishop, the seven-year-old's partner, John Francome, has prospects of at least one winning ride for Mrs Nadine Smith's local stable, for he is aboard Prince Northfields and Grey Fusilier. The best bet from this pair probably will be Prince Northfields' who can return to winning form now that Francome's intended mount, Karaberry, has been pulled out.

At Ayr the unimaginatively framed conditions to several races has contributed to a total of just 38 runners. Pounentes looks to be the best bet there.

FONTWELL

1.15—Prince Northfields**
2.15—Mr Moonraker***

AYR

1.30—Pounentes*

GARDENS TODAY

Plumping for phloxes

BY ROBIN LANE FOX

LAST WEEK a reader from Yorkshire sent me an enviable account of his back garden. He had always liked the iris beds and separate borders of Michaelmas daisies in his local park. On seed packets he liked the pictures of lupins running wild in isolation. He agrees with almost nothing I write, except that gardeners should decide on the plants which they like best and then grow plenty of them. In agreement, he weighed up his favourite families, pulled out the roses and plumped without hesitation for the many forms of phlox.

You might think this tactic too limited and its charms confined to a single season. Not at all, he replies, as his phlox garden takes in the whole family, tall and creeping herbaceous varieties side by side. He has mixed carefully chosen plants with silver leaves among the stronger colours of the border varieties. On this too we agree, in spring he admits to some supporting drifts of crocus, repeated in autumn with that cheap and lovely blue form, speciosus. In June he has a lull and takes his holidays visiting other gardens while his own is marking time. Otherwise he is aflame with phloxes and he multiplies many of the newer varieties by cuttings between their months of flower.

He loves this family and wants to travel through America in order to see it in the wild. I would remind him to brave the mosquitos and go up to Alaska where the phloxes in the Arctic tundra are one of my fondest memories in that unlikely garden of natural flowers.

The New World indeed has sent us some of the newest forms which now give the family a remarkable range. Many of you may have bought or inherited pink or mauve forms of the creeping phlox subulata which spreads like a green doormat over walls and alpine gardens. I would suggest that you examine the finer colours now available in the new American forms. They like any sunny place, open soil and about four-feet of space into which they can spread their mats of green leaves set like small pine needles. When they reach this span, they never go further and soon begin to die back at their centres. You should prune them very hard after flowering in May and begin to take cuttings or runners off their hedges for their replacement. Wherever the mats touch damp earth, they throw out small white roots so there is no point in buying more than one of a variety. You would do well to dress the plant with a rich compost in June. My old blue benita has not turned brown in its centre after this extra feed.

Benita is lovely pale-blue with a deeper violet eye while White Delight and Scarlet Flame are American selections now stocked by Bressingham Nurseries, Norfolk. Both live up to their names. Others are more dubious and although I start prejudiced in favour of the one called Alexander's Surprise, its colour is a strong salmon pink, like a blush on one of the conqueror's bodyguards. Instead, I recommend the admirable Amazing Grace whose white flowers are marked with a cherry-red centre. All these new varieties give you a level sheet of flower from late April into late May and belong at the front of a border or beside a paved path.

By July, a phlox garden can rely on the big border varieties which you know so well. I feed my plants heavily and believe that this improves them. Unless you suffer from eelworm which is incurable there are no difficulties. My favourites are the pale violets, and lavender blue forms, especially the tall Skylight and the shorter dark leaved Hampton Court. These strong varieties pair beautifully with silver leaves. This year, I have been delighted with the ice white heads of flower on the less familiar Omega. A form of neglected phlox maculata which was raised by the Bloom family at Bressingham Nurseries, the stems are about two and half feet tall and bear long spikes of well set flowers until late August. A rich soil in semi shade seems to please this welcome new arrival. There ought to be some new winners in the future from this neglected form of family.

In a cool year these phloxes will persist into mid-September when the autumn crocuses are ready to take over the stage. What, then, of June when you may not wish to leave on a hunt for other gardens? My reader fills the gap with variegated phloxes especially the tall Harlequin which seems to last well in Yorkshire. These are not always easy and improve on rich and well fed soil. At a lower level he looks to the running stems of stolonifera Blue Rich, a lovely variety which will settle quickly into light leaf mould and semi shade. Wherever the ground is damp but not sodden, this is one of the best phloxes in the book.

Douglas's Phlox runs and commemorates that great plant hunter who first found it in the Rockies. Here, I would put in a word for the new crimson red form called Waterloo. Collectors would fill out early June with others specially the lilac pink flowers on a mat of leathery leaves. Again, there is a bright variegated form which is preferable and lasts throughout early summer.

From April to September then, there is point to a garden of phloxes and room finally for my own favourite in the family. The daunting name of Canadensis laphamii first attracted me to a pot grown plant of a small woodland phlox which I have never lived to regret. Assuming that it would be difficult I kept it for a year in its flower pot and nearly murdered it with greenfly. When planted out it ran happily into a clump of six-inch high stems which are topped with lovely round lavender blue flowers in early June. A damp soil, light shade and rich food put it at ease and I now consider it as fine as anything in the family. Its stems will take root by the dozen, so it would soon make an unusual edging in half shade. After flowering it dislikes dry weather and throughout the year it must taste like caviar to slugs.

I cannot vouch for the tastes of the slime in Yorkshire but down in the South you must guard this lovely June flowering plant against their attacks. When defended it is a winner, a little known plant for shaded sinks, borders and rockbeds, while its border cousins are reaching for their flowering height.

TELEVISION

Chris Dunkley: Tonight's Choice

A bitty evening with no channel offering consistent quality. Radio 4 broadcasts the fourth of Laurence Martin's **Reith Lectures** on armed force at 7.45, this week's about "Conflicts Of The Third World." At 8.00 ITV offers an hour-long one-off show called **Bruce Meets The Girls** which features not only Mr Forsyth and a phalanx of phamous phemales (Diane Keen, Anita Harris and so on) but two of his own daughters, Julie and Laura.

At 8.15 on Radio 4 David Miles presents **Sea To The West, Fells To The East,** a "sound picture" of Copeland, that area of the Lake District which includes England's deepest lake, highest mountain, and first nuclear power station.

ITV has what promises to be the best of the week's movies at 10.30: **The Parallax View.** Alan J. Pakula, who made "Klute," directs a thriller in which a journalist tries to discover how and why the witnesses to a political assasination are being systematically wiped out.

BBC 1

9.05 am For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.00 Snooker: The Coral UK Professional Champion. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 God's Wonderful Railway.

5.40 News.
6.00 Nationwide (London and South-East only).
6.25 Nationwide.
6.55 Wednesday Film: "The Rare Breed," starring James Stewart.
8.30 Love Story: Wilfred and Eileen, starring Judi Bowker and Christopher Guard.
9.00 News.
9.25 Sportsnight: Football League Cup, World Cup Ski-ing, Figure Skating from Richmond Ice Rink, plus news of the Coral UK Snooker.
10.50 Parkinson.
11.43 News Headlines.
11.45 Snooker highlights.

BBC 2

10.20 am Gharbar.
11.00 Play School.
3.55 pm One Man and His Dog.
4.35 Young Musicians 1980.
4.40 Vikings!
5.10 The Flying Boats.
5.40 The Five Faces of Doctor Who.
6.05 Grange Hill.
6.35 Life on Earth.
7.30 News Summary.
7.35 Cartoon 2.
7.50 Collecting Now.
8.20 Strangeways.
9.00 M*A*S*H.
9.25 The Borgias (part 8).
10.20 Grapevine.
10.50-11.40 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow "Reflections." 12.30 Turning Point. 1.00 News. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 After Noon Plus. 2.45 Charlie's Angels. 3.45 Emmerdale Farm. 4.15 Mixed Master. 4.20 Madabout. 4.45 Fanfare For Young Musicians. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.25 Help.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Bruce Meets the Girls, starring Bruce Forsyth.
9.00 Diamonds.
10.00 News.
10.30 "The Parallax View," starring Warren Beatty and Paula Prentiss.
12.25 am Close: Sit Up and Listen.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 5.15 University Challenge. 6.00 About Anglia. 12.25 am The Big Question.

ATV

1.20 pm ATV News. 2.45 Tenspeed and Brown Shoe. 5.15 Survival. 6.00 ATV News. 6.30 ATV Today: Views and interviews, people and places in ATV's regional news and current affairs programme.

BORDER

1.20 pm Border News. 2.45 Strumpet City. 5.15 Out of Town. 6.00 Lookaround Wednesday. 12.25 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. 2.45 Strumpet City. 6.00 Channel Report. 10.28 Channel Late News and Weather. 12.25 am Epilogue, News and Weather in French.

GRAMPIAN

1.20 pm North News. 2.45 Strumpet City. 5.15 Batman. 6.00 North Tonight. 12.20 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Bracken. 5.15 The Adventures of Black Beauty. 6.00 Granada Reports. 6.25 This Is Your Right.

HTV

1.20 pm HTV News. 2.45 Strumpet City. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Benson. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.45-5.10 Goglis. 5.10-5.20 Dick Tracy. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 6.30-7.00 Taff Acre.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Strumpet City. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Report. 12.25 am Late Call.

SOUTHERN

1.20 pm Southern News and Weather. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 2.45 Charlie's Angels. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 Mork and Mindy.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News. 1.25 Where the Jobs Are. 2.45 Strumpet City. 4.15 Cartoon Time. 5.15 Mork and Mindy. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 12.25 am If. . . .

ULSTER

1.20 pm Lunchtime. 2.45 Strumpet City. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.25 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Strumpet City. 5.15 Survival. 6.00 Westward Diary. 10.32 Westward Late News and Weather. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Strumpet City. 3.45 The Entertainers. 5.15 Emmerdale Farm. 6.00 Calendar.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.02 am Sports Desk. 5.03 Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.30 pm John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Don Durbridge with Much More Music (S). 8.00 Alan Dell with Dance Band Days. 8.30 The Mitchell Minstrels (S). 9.00 The Boston Pops (S). 9.55 Sports Desk. 10.00 Animal Alphabet. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.00 Gabrieli Quartet (S). 11.00 Music for Organ (S). 11.35 Midday Concert (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 BBC Northern Symphony Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Medium and Message. 7.20 Liszt, Bartok and Debussy piano recital (S). 8.00 Pritchard Conducts the BBC Symphony Orchestra: Concert from the Festival Hall, London, part 1: Schubert (S). 8.50 Six Continents. 9.10 Concert, part 2: Strauss (S). 10.10 Scientifically Speaking. 10.40 Copland recital: Duo for flute and piano (S). 11.00 News. 11.05-11.15 Mozart (S).

Medium Wave with VHF except: 6.40-11.00 am Cricket: First Test—India v England.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Noel Edmonds. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 A Walk in the Dark. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 The Cities of the Plain. 4.00 Priestland's Progress (S). 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures 1981. 8.15 Sea to the West, Fells to the East. 8.45 Analysis: "The Lobbyists." 9.30 Kaleidoscope (S). 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

FINANCIAL TIMES SURVEY

Wednesday December 2 1981

Sponsorship of the Arts

Industrial corporations have become an important source of financial help for the arts. Support has held up remarkably well this year despite the harsh economic climate. A significant factor is probably the growing awareness on the part of sponsors of the value of such contributions to their corporate image, both nationally and locally.

AWARD WINNERS 1981

Winners of the ABSA-Daily Telegraph awards for imaginative sponsorship of the arts in 1981 were as follows:

- For the best corporate programmes—Commercial Union; L. G. Harris.
- For the best single event—Gallaher; Harveys of Bristol; Littlewoods; Norwest Holst.
- For the best first-time sponsor—Matthew Brown Brewery of Blackburn; Du Maurier; J. Sainsbury.
- For encouragement of young performers and audiences —BP.

Source of mutual benefit

By Antony Thorncroft

THIS YEAR, against all the economic odds, direct financial help by business for the arts has probably risen by almost 20 per cent to a sum of £6m or even more. This is an estimate. What is factual is the much greater interest being shown by companies in helping the arts, often at a local level, and the awareness among arts organisations that industry is probably the best — if not the only — alternative source of funding to central and local government aid. There are few illusions that the Arts Council and local arts organisations will have any extra cash to dispense in 1982.

So two unalike and rather suspicious institutions — companies in business to make a profit and arts organisations dedicated to improving the cultural life of the country — are learning to co-operate for mutual benefit. The Association for Business Sponsorship of the Arts (ABSA), now with 102 companies as members, was formed to eliminate misunderstandings and to encourage fruitful ventures. One aim is to educate arts groups about the sponsors' need for some publicity pay-off in return for their aid, and companies on the sensitivity of artists.

ABSA may well find more calls on its services next year, particularly from arts organisations, for there are fears that while 1981 was better than might have been anticipated many traditional supporters of the arts will not be increasing their aid in 1982. There are few indications that any major sponsor will withdraw altogether — the arts, unlike sport, have a very good record in developing long-term associations — but the signs are that expenditure next year will rise only marginally. Companies are reluctant to irritate their shareholders by actually raising their financial contribution to the arts substantially during a recession.

This is still such a relatively new activity, however, that doubtless many companies will become first-time sponsors next year. (In practice company aid for the arts probably costs business nearer £12m a year once the expenses of entertaining and publicity have been added in).

A major reason why arts sponsorship has grown in an apparently unsympathetic economic climate is that companies have begun to regard it as part of marketing rather than charity — and advertising and marketing budgets have tended to rise in the recession. Some have added arts sponsorship to their activities because they are disillusioned with the return they have received from sports sponsorship, which in areas like golf and motor racing has become very expensive and over-aided. Other companies have backed the arts because the Government, through the Minister for the Arts, has carried out a major propaganda exercise in its favour. And there is a general feeling that business should give something back to the community.

Exploiting

So some companies support the arts because they feel business is the modern patron; it is its duty. Others see arts sponsorship as a useful form of marketing, at least as effective as advertising and much cheaper. More again aid the arts because their chairman likes the opera or the chairman's wife enjoys going to Glyndebourne, and it is a more civilised way than sports sponsorship of entertaining key contacts. Even the most practical companies find it difficult to measure the effect of sponsoring an event but companies like Harveys of Bristol, which recently received many hours of television coverage for the Leeds Piano Competition, which it supports, plus much press publicity, must reckon that by any standard its involvement is money well spent.

Harveys is a company which is imaginative in its support of the arts. For example, it is currently exploiting its link with Leeds by underwriting a series of recording by past winners. On top of this it is commissioning esteemed West Country artists like Terry Frost and Peter Blake to design the album covers according to their interpretation of the music. Harveys keeps the originals. So it is getting paintings which should appreciate; *it is helping art*; and it is adding to its musical association with an established event in the arts world if the albums sell well it might even get its money back.

Competitions are an area which could be better exploited by companies. Booker McConnell has just had a field day of publicity from its sponsorship of the annual awards for the best novel; for a minimal outlay Ronson always collects notices for its prizes for the best RADA students of the year; Cadbury-Schweppes reaches thousands of schools through its children's art competition; but still there are opportunities.

Arts sponsorship generally has tremendous potential. For a start companies could look at assistance schemes for the arts which are self-liquidating. The Imperial Group got its investment, and more, from sponsoring the Pompeii exhibition at the Royal Academy, although it put the profit back into archeological research.

The Royal Shakespeare Company (RSC) was searching last year for a backer for its production of *Nicholas Nickleby*. If a company had accepted the challenge it would have got a wealth of publicity and a profitable percentage of the subsequent video deals.

In recordings and in plays there are opportunities for supporting the arts with at least an odds on chance of retrieving the investment, although those companies that have backed plays have tended to get involved with productions that more canny "angels" have avoided.

Apart from developing original sponsorships (rather than taking on flagging current ventures), launching competitions and investing in the arts where there is a chance of a commercial return, the other new factor in the arts world should intrigue business is the willingness of virtually every arts body in the country to co-operate with an industrial sponsor.

The National Theatre has just appointed a sponsorship executive. The RSC regularly finds supporters, including an imaginative link with Hallmark Cards which financed RSC tours of *out-of-the-way towns* which had never seen such hardy professionals before. The Royal Opera House is still the main recipient of industrial cash, receiving around 3 per cent of its £13m income in 1980-81 this way, plus over £5m to its rebuilding appeal (although it is finding it harder to get sponsors for new productions).

Difference

The Royal Academy cannot put on a major exhibition without commercial help — Midland Bank International is underwriting the Great Japan Exhibition. The National Gallery has just linked up with Coutts Bank on a new guide book and has been helped with a £1.4m contribution from the Sunley Foundation for a new building programme. The major orchestras rely on sponsors to back concerts, offering them entertainment facilities and publicity in return for the cash which makes all the difference between a *loss* and break even. The Victoria and Albert, the British Museum — all need sponsors to *make good ideas realities*.

Just as appealing to companies should be links with colleges and academies, and the bodies which actually directly connect business with the arts, such as the Design Centre and the Royal Society of Arts. They are at last getting companies interested in sponsoring design competitions. Rolls-Royce, Molins, and textile companies like Carrington-Viyella, Courtaulds, ICI and Tootal are all investing in design activities which in time should make a contribution to their profits.

It is undeniably good news that all the prestige-laden arts institutions in the country are now keenly seeking links with industry, but it remains a sad fact that where aid is most needed, among the experimental arts groups, companies are reluctant to commit themselves. *Avante garde* arts rarely offer attractive facilities for entertaining; guests may well hate the performances; they may be shocked or affronted; the arts groups may be badly run. But where the experimental merges with the popular — in community arts centres for example — business might well find fruitful areas for aid.

Mr Paul Channon, the Minister for the Arts, has just had published a guide for arts groups on how to approach potential sponsors. He is also touring the country to persuade companies to help the arts at the local level. (It is indicative that some of the prizewinners in the annual ABSA awards — themselves sponsored by the Daily Telegraph—should include companies which invest a thousand pounds or so at the grass roots with impressive results.) Some companies, like IBM, put most of their arts aid in regional events where they have a local interest.

The best sponsorships are usually the most imaginative, like Perrier's decision to help the Hayward exhibition of works by Picasso because it saw a very nice advertisement could be built around the pun word "Picasseau." Into the same category might fall this week's venture by Associated Dairies which is helping St Paul's Cathedral choir by sponsoring an album which, given the appeal of the choir following the Royal Wedding, should do very *well commercially*.

Celebrations

Other straws in the wind are the association of companies with arts that appeal to the young — the clothing retailer Dickie Dirt's sponsored the recent Camden Jazz Festival with £10,000, and Levi's helped in the celebrations of the Rainbow's fiftieth birthday with a series of rock concerts.

Companies like Yamaha have been sharp in supporting competitions for young organists which have received continuous television coverage. Television and radio have now overcome their reluctance to credit sponsors when announcing broadcast programmes.

Sometimes it seems that there is hardly an arts event in the country which does not involve a business sponsor. But in most cases the aid is small. Both sides are still tentative, still discovering how the two parties can get together for mutual advantage. Unfortunately all the arts need help. Putting up to £100,000 into a new production at Covent Garden or Glyndebourne might seem an unsubtle way of aiding the arts but productions at these august places could not be mounted in their full glory without outside help.

There is, however, scope to use money more imaginatively. Fine art, for example, receives less than its fair share of support, and yet paintings by artists of stature have appreciated greatly in recent years. Too often companies go for a safe sponsorship, which usually means a concert; or a socially commendable enterprise, like helping young artists. For the sacrifice of one transmission of a *television commercial* nationally a great deal of money could be channelled into an arts enterprise which could produce publicity, generate goodwill both locally and nationally, provide the opportunity for entertaining contacts, and perhaps actually pay back the investment.

There are signs that companies are taking arts sponsorship more seriously, placing it under the authority of the marketing director rather than the charity committee. ABSA is obviously doing a useful propaganda job. The Government feels that by making such expenditure tax deductible it has done its bit. What is now needed is greater commitment and confidence by both sides in developing arts sponsorships which are more than a mere gesture.

SPONSORSHIP OF THE ARTS II

CLARKS

Children's theatre

EACH WEEK every company in the country receives requests for sponsorship. At Clarks, the children's shoemakers, they get three a week and were not looking for a sponsorship when a letter from Kallaway, the London consultancy, arrived on their desks. This suggested that Clarks might like to aid the Whirligig Theatre, then a new touring children's theatre being set up by David Wood. The idea caught the imagination and the third national tour is currently progressing through the UK, thanks to Clarks.

The attraction of the sponsorship was that the company could be in on the project right from the start. Whirligig posters and artwork were designed in the Clark colours and the theatre was prepared to visit those parts of the country when Clarks was least known, basically the poorer regions. So towns like Doncaster and Hull are on the current itinerary.

Clarks helps towards the cost of the productions and subsidises the seat prices so that they are often below £1. It also used to give the children generous presents but the hard times in the shoe industry have forced it to cut back its investment in Whirligig from £75,000 last year to £35,000 in 1981. The commitment remains the same but the length of the tour has been reduced.

The money has come from the general marketing budget: Clarks sees this as very much an investment rather than patronage. By the end of the year around 250,000 children will have enjoyed a show because of Clarks and the goodwill among teachers and parents has encouraged the company to stay with Whirligig despite the recession.

Scene from David Wood's musical play for children "The Ideal Gnome Expedition" currently on national tour and sponsored by Clarks, the children's shoemakers

DU MAURIER

Orchestral concerts

THE BIGGEST single sponsorship of the arts in the UK is the £300,000 a year which Du Maurier, the BATS subsidiary, has given the Philharmonia Orchestra for its last concert season and the current one. The support covers 60 concerts, mainly in London, and came about initially through friendship between Mr Christopher Bishop, the manager of the orchestra, and Mr Gordon Watson, marketing head of Du Maurier.

But there are sound commercial reasons behind the link. BATS had just acquired the Du Maurier name in the UK and wanted to promote it as a prestige brand. It was considering arts sponsorship when the Philharmonia introduction happened. The orchestra, like all the big four national orchestras, has come to look towards sponsors to bridge the mounting annual deficits. Du Maurier made it clear that it would not interfere with the Philharmonia's musical decisions. The orchestra has co-operated all down the line with the company's promotional plans, mainly the posters and programmes designed to the "Du Maurier World of Music" format.

The cash is mainly a direct grant to the orchestra which enables it to hold down seat prices, plus a subsidy on out-of-town concerts. It also underpinned and marketed the Philharmonia's introduction of a subscription scheme which saw attendances at its London concerts rise by over 20 per cent to 85 per cent of capacity last season, easily the highest among the London-based orchestras. This success has obviously pleased Du Maurier which is currently negotiating an extension of the sponsorship. It seems certain to continue.

As Mr Michael Reynolds of BATS says: "Benefits in arts sponsorship can only be long-term"; already the company is recording an improvement in awareness of its name. For the Philharmonia, with Du Maurier meeting around a quarter of its annual costs, it means relatively worry-free music-making.

Traditional group of big spenders

LEADING GROUPS in three industries are traditional supporters of the arts in the UK—the tobacco companies, the banks and the oil companies. There are obvious reasons for their involvement. The tobacco companies have restrictions on their advertising and long ago switched to sponsorship, mainly sport but the arts as well, as an alternative way of promoting their brands and also building up public goodwill for their medically sensitive products.

The banks and the oil companies have in recent years made very substantial and well publicised profits; both operate in areas where a show of social responsibility is not only diplomatic but almost necessary. Not surprisingly, when he was Minister for the Arts Mr Norman St John Stevas made the banks and oil companies the object of an intensive drive for arts sponsorships, but with only limited success. Even so, as often as not when a major prestige event in the arts has a commercial sponsor it is the Imperial Group or a bank (or insurance company). The oil companies tend to concentrate their aid on the regions where they operate—Amoco backs the Welsh National Opera; Gulf Oil, the Scottish National Orchestra.

But behind the generalisation there are substantial differences of approach and some changes are afoot. The Imperial Group, for example, is re-assessing its arts sponsorship programme and will announce changes in the spring. It spends around £300,000 a year but with its profits down in 1981 it is no means certain that it will continue in its old ways.

It is committed, however, to helping the revived production of Il Travatore at Covent Garden (a revival will cost it less than £30,000 to support as against almost £100,000 the company invested in the Tales of Hoffmann) and its John Player subsidiary is underwriting Orfeo at Glyndebourne. It will also continue with an undoubted success—the Portrait Award organised through the National Portrait Gallery. This costs around £10,000 in prizes but has acted as a considerable stimulus in raising the status of portrait painting.

The Imperial Group has wondered out loud in the past whether it is getting the co-operation in terms of public acknowledgements for its considerable assistance to individual productions. But as a means of entertaining influential contacts, customers and suppliers the opera at Glyndebourne and the ballet at Covent Garden can hardly be matched. Imperial could, however, be moving towards less costly, harder working sponsorships. It is supporting a series of lunchtime concerts at St Georges in Bristol—one of its manufacturing centres—which will be broadcast on BBC radio. Here you have goodwill, national publicity, local connections and low cost.

Two of the Imperial Group's main competitors—BATs, through Du Maurier, and Benson and Hedges (part of Gallaher)—are also involved in arts sponsorship. Indeed, Du Maurier is the source of the biggest single sponsorship—£200,000 a year for the Philharmonic Orchestra. It is also attempting, however, to broaden its range; this autumn it helped finance a tour of the UK by a West Indian steel drum band. Benson and Hedges has come to the aid of Aldeburgh, but is also testing the water in, for it, a more experimental field—the theatre. It supported the season of plays at the Salisbury Playhous and has had the satisfaction of seeing one of the productions, *84, Charing Cross Road*, transfer to the West End.

Approaches

Perhaps the most interesting example of the two different approaches which still exist in company aid for the arts—socially motivated patronage and hard-headed marketing—comes from the banks. National Westminster, for example, puts around £200,000 towards the arts but this comes out of a £3m community support programme decided upon by a social policy committee and kept quite distinct from the marketing budget.

Part of it pays the salaries of bank employees who, usually when nearing retirement, are seconded to arts organisations to help sort out their accounts, etc. Then there are the donations to building programmes—to the Mermaid Theatre or the Royal Opera House. Finally there are the more specific supports—and these do seem to be getting larger. The bank has put £40,000 towards the RSC's new production of *Midsummer Night's Dream* and is underwriting *Ceneventola* at Glyndebourne out of an expanded 1982 budget.

But National Westminster insists it is not attempting to build business from its support. In contrast the Midland Bank is much harder-headed. Like all the banks it supports many local activities — contributing between £500 and £1,000 to the Battle Festival or the Sittingbourne Orpheus Society—but it expects its local managers to report on the impact of every sponsorship, assessing the publicity generated.

The Midland gave £400,000 to the arts this year, of which a quarter went to regional projects. Its main activities were the £115,000 it spent on the Proms at Covent Garden, where admission prices are reduced for young people, the target audience for any bank; £110,000 on the Royal Ballet's touring Tent; and £40,000 for the RSC's production of *Henry IV Part I*. Next year another £40,000 will assist *Part II*. Fortunately for the Midland *Henry IV* will be the opening production of the RSC at its new Barbican home.

Like many leading arts sponsors the Midland does not expect to spend more money next year. Barclays, however, which put in £450,000 this year, will manage a slight increase in 1982. It is putting its biggest single sum ever, £95,000, behind a new production for the London Festival Ballet of *Swan Lake*, but as it points out this will stay in the repertoire for a decade. This year Barclays was one of a growing number of companies that responded to the English National Opera's more active search for sponsors, and put up £75,000 for *Othello*, and the bank has stood by the D'Oyly Carte Company most impressively. It also has a big commitment to the Royal Ballet, sponsoring all its overseas tours for four years at a cost of £500,000.

Concentrates

The other major bank, Lloyds, concentrates its money on young people, and out of a budget of £350,000 only around a half goes directly on the arts, supporting the National Youth Orchestra, for example. The rest is directed at conservation or education. It sees it as "a mixture of social responsibility and publicity." All the banks do their bit but, not surprisingly, they tend to help the major national companies and the "safe" arts. They also work through their thousands of local banks to balance their support for the London-based operations.

The oil companies display the gamut of arts sponsorship. Amoco concentrates on its local major arts company, the Welsh National Opera, but gains from its successful London season. Mobil, in contrast, operates an imaginative programme of small sponsorships, including aid for the archaeological society in Shoeburyness, near its installation. Because of its North Sea interests Gulf backs the Scottish National Orchestra. Shell is a long-time supporter of the London Symphony Orchestra and helps musical scholarships.

BP also goes for a spread and like many other sponsors has diversified out of music, the old favourite. It, too, has a bias towards youth, the three national youth orchestras in the UK; its neighbouring Guildhall School of Music, the Molecule Theatre Club. It is the major supporter of the London Mozart Players. But in its search for fresh ideas BP is breaking new ground by sponsoring the major sculpture exhibition at the Whitechapel Gallery.

The big spenders are the backbone of arts sponsorship but set against their turnovers and marketing budgets their aid for the arts is still comparatively small. They are also reluctant to take risks on the more experimental arts. But as a measure of where arts sponsorship stands now, in its strengths and weaknesses, they set the standard.

Antony Thorncroft

HERRING SON AND DAW

Chamber music recitals

ONE OF the aims of ABSA has been to encourage arts sponsorship among the service industries—lawyers and accountants, architects and estate agents. So far progress has been slow but a striking success has been the association of the chartered surveyors Herring Son and Daw with chamber music recitals at National Trust houses.

The link began in 1980 and Herring Son and Daw is devoting its entire corporate advertising budget — about £30,000 in 1982—to the project. There will be six concerts next year featuring artists of the stature of Vladimir and Vovka Ashkenazy and the Alban Berg Quartet in houses like Clandon Park and Petworth. Herring Son and Daw pays the National Trust a fee and then assumes full financial responsibility for the concerts. Basically it is making possible music by top rank artists in beautiful surroundings at a price to the public that the limited accommodation (there will be next year between 150 and 220 concert-goers at each event) would make financially unviable for a commercial impressario.

The company ensures that as far as possible the recitals are held in areas of the country where it is in business and takes up a third of the available seats for entertaining privately—an addition to its costs. Apart from the attraction of the occasions, and the assistance to the National Trust, the connection is proving financially worth-while. The recitals have provided a good and eventually profitable climate for meeting prospective clients.

When the three-year contract, organised through Jacob de Vries, expires at the end of 1982 Herring Son and Daw will be looking to maintain its involvement in arts sponsorship.

Opportunities present themselves at all levels

PART OF the key to identify appropriate opportunities in arts sponsorship is initial recognition that the market scope is still wide open, whether at the top or more modest levels.

At the top, sponsors like BAT Industries, which is supporting the Philharmonia Orchestra to the tune of £600,000 over two years, display an increasingly shrewd idea of where sponsorship will get them. Lower down, there are countless cracks and crevices that can be profitably filled in with a spot of inspiration and genuinely modest budgets. Here are some examples.

- Coutts and Company, the private bank, is sponsoring a new National Gallery publication, *100 Great Paintings, Duccio to Picasso*. Thanks to a loan on highly generous terms, the gallery recently published the book at £5.95, way below its market price. (Coutts has been the National's banker since 1864.)
- The Rank Organisation recently decided to join Commercial Union and the Times Educational Supplement as a major sponsor of the Schools Prom and the National Festival of Music for Youth in 1982.
- In a move that could be copied by countless commercial sponsors, the Greater London Council is offering grants and guarantees against a loss totalling £72,810 to a number of dance, music, theatre and ethnic arts groups. As part of the package the National Museum of Labour History is receiving £3,500 for the restoration of old trade union banners.
- Funds are expected to be sought from private and business sponsors for a "Northern out-home" of the Tate Gallery, London. A possible location is Liverpool. (Various national collections already have out-stations, the Tate itself having close links with the Barbara Hepworth Museum in St Ives, Cornwall). According to a director of Liverpool's Walker Art Gallery: "We're lamentably weak on modern paintings. We'd love to see some works by Picasso, Braque and the Surrealists."
- The GLC is running a £60,000 competition for designs for a neon sculpture for the new Albany Arts and Community Development Centre in South London. The sponsor is Pearce Signs.
- Benson and Hedges, whose previous arts sponsorship was concentrated on its Music Festival at Aldeburgh, is supporting the July-November season at the Salisbury Playhouse. The cost: £3,000, though it has spent a similar sum on promotion.
- Wilkinson Sword commissioned a new piece of music this year—*Music for a Royal Wedding*, composed by Carl Davis of the London Symphony Orchestra. It was performed at The Maltings, Snape, on the eve of the Royal Wedding.
- BP is making four awards worth £3,500 a year to students of the Guildhall School of Music to enable them to continue with post-graduate studies.
- Madame Tussaud's makes annual awards to students of the Royal College of Art.
- Capital Radio has become joint sponsor with Lloyds Bank of the National Youth Orchestra.
- Imperial Group is sponsoring the Royal Academy of Dancing's training programme for young classical dancers.

There is almost no limit to the promotional and marketing potential offered by the arts, though identifying an opportunity may be one thing — getting it right, another.

For example, it is agreed that the arts are a long way behind sport in the amount of verbal and visual recognition recipient is a registered charity they achieve on television and radio. Whereas sports sponsorships are invariably referred to by name, in the press as well as in the broadcast media, the same seldom applies to the arts.

Maybe arts critics are a less supine lot than sports correspondents, but arts sponsors who seek or rely on free media plugs are probably best advised to rethink their strategy or hire a new PRO.

In a new booklet, The Arts Are Your Business, published by the Office of Arts and Libraries, Mr Paul Channon, Minister for the Arts, stresses that many forms of sponsorship qualify for tax relief because they are undertaken for purposes of trade, or because the recipient is a registered charity —as are many arts organisations.

"The Government," says Mr Channon, "has significantly improved the reliefs available for convenated payments to charities, by shortening the minimum covenant period and raising the rate at which relief may be claimed."

The booklet extols the commercial benefits of arts sponsorship, maintaining, for example, that it is still possible to underwrite a year's sponsorship for less than the airtime cost of a 30-second TV commercial.

But it insists that what is needed is a coherent policy. First, it says, establish the reasons and objectives for undertaking sponsorship.

Apart from the ideas already covered, schemes that offer promise include purchase of art works for donation to the permanent collection of local galleries or museums; sponsoring of films of original productions; and the underwriting of artists and writers in residence.

Coherent

A sponsor's workforce can also be motivated, the booklet says. It suggests rewarding outstanding employee service with purchased works commissioned from local artists; buying season tickets from local arts companies and distributing them to the workforce; encouraging employees to serve on the boards of local organisations, particularly those with special skills like accountants and lawyers.

Companies could also sponsor lunch-time concerts on their own premises, and donate surplus equipment and furniture to the local arts centre.

Above all, it is imperative for sponsors to realise that there is now a growing professionalism in the way sponsorship programmes are approached and in the way marketing directors expect them to dovetail with the rest of the company's promotional programme.

There are consultancies, like Marketing and the Arts, that are by now well established; and there is the Arts Council and the Association for Business Sponsorship of the Arts to provide centralised advice.

As the Office of Arts and Libraries put it last week: "The Government has undertaken to maintain the broad level of its own direct support for the arts. But it cannot and should not be the sole support.

"The arts can only flourish if substantial support comes from the discriminating private sector as well. The achievements of this country in all fields of art are now internationally second to none. The scope for the business benefactor to help himself and the community is vast."

Michael Thompson-Noel

SPONSORSHIP OF THE ARTS III

Local support gains rewarding impact

LOCALISED SPONSORSHIP of the arts until quite recently meant little more than a newsagent's two-inch advertisement in the programme when the town drama society put on Charley's Aunt. Now it could involve a first-rank orchestral concert paid for by an oil company—or an art exhibition backed by the neighbourhood garage.

The grassroots have certainly been trampled by multinational and national concerns anxious to demonstrate a human aspect and, conversely, by smaller companies keen to prove they can think big.

Few sponsors, whatever their size or motivation, would dispute that support for the arts at a local level can produce immediate and tangible rewards for comparatively little cost.

A single major concert in a culturally deprived region can pack almost as much clout as a South Bank series. And the frequently expressed desire to involve employees, either directly or through reflected glory, can be more easily fulfilled if the event takes place where they live and work.

This may partly explain the surprising buoyancy of arts sponsorship in many regions. It may not be entirely recession-proof but neither is it in retreat. There are even prospects for growth.

Many leading sponsors, having established a successful pattern in happier times, seem reluctant to withdraw. Their constancy should continue to encourage smaller companies to hold on to their cards and may well prompt new ones to enter the game.

Companies which have tended to support the arts from their charities budget are now coming to see it as part of promotion, advertising or marketing, which accounts for the health of arts sponsorship even during the recession. At the same time arts groups are becoming more professional and are increasingly liable to market themselves in a constructive way.

Altrincham Garrick Society, an amateur theatrical society in Cheshire, marketed themselves to the nearby Cresta Court Hotel. The hotel put £250 into the society's production of Ayckbourn's Bedroom Farce. In return the hotel had a display in the theatre foyer and a block of seats for guests and visitors.

Allder's Department Store in Bromley has an unofficial motto—"not just a store but part of the community." It has put this into effect by its support for the local Churchill Theatre including a series of Saturday morning children's shows for which it provided about £2,000. These left parents free to do their shopping and the 50p cost of the ticket could be redeemed through store purchases exceeding £5.

Strong support for the visual arts in the South-East has come from Ansvar Insurance of Eastbourne. The company was keen to establish itself in the community after moving out of London, despite the fact that it does business nationally insuring teetotallers.

In 1976 it staged an open art exhibition for professional artists in the area served by South East Arts. The selection panel consisted of Peter Blake, Marina Vaisey and Carol Weight and the exhibition in Eastbourne was opened by Lord Clark—immediate entry into the big time. Since then the company has made substantial purchases of contemporary art to enliven its offices.

This year the company offered a £2,000 photographic commission on the theme Traces of Man concentrated on East Sussex. There were more than 300 entries, the commission going to Ken Baird. The results are now being shown at Hastings and will go on to Margate and Eastbourne.

Benefits

Mr Geoffrey Williams, managing director, said this venture had taken £4,000 from his advertising and promotion budget. "We have had very real benefits in return. We have had publicity—the exhibition was featured on television—we think we have done something worthwhile for the community, and we have demonstrated that, although we insure teetotallers, ours is not a negative approach. We will certainly be carrying on our sponsorship."

There are still few local sponsorship schemes that can match in imagination or impact the annual industrial concert in Peterborough Cathedral organised by Perkins Engines.

Each concert, involving a leading British orchestra, costs the group less than the wages of one employee and it is significant that although Perkins is now seeking an 8 per cent reduction in its 7,500 workforce, there has not been a single protest against this sponsorship continuing. "Our employees are proud of what we do—it is glory by association," said Sandy Erskine, chairman of the organising committee.

In fact Perkins' workers take a more direct interest. All below the rank of supervisor at Perkins or at other companies in the term qualify for half-price tickets, and about two-thirds of each audience is formed in this way.

"We started the concerts to benefit the area," said Mr Erskine. "There was no music of a high standard available. Now, as a result of the interest generated by the concerts, there is a lot more professional music in the region matched by an improvement in facilities in Peterborough."

In 1973 Perkins Engines made sponsorship history. With an audacity breathtaking even by today's standards, the group commissioned the first symphony by the *avante-garde* Polish composer Krystof Penderecki and included its first performances in that year's concert to the acclaim of both workers and critics. The symphony and the subsequent commercial recordings are now indelibly stamped "Perkins Engines."

Perkins has no intention of ceasing its sponsorship. "When things are bad, one of the last things one must do is stop advertising or promoting oneself—and that is precisely what sponsoring a concert does for us," said Mr Erskine.

Orchestras and artists for the Perkins concerts are arranged through the Eastern Authorities Orchestral Association which also provides financial assistance.

The association of 60 local authorities from Derby to Oxford and across East Anglia has attracted sponsorship from major companies to "top up" local authority grants which are failing to keep pace with the inflation of artistic fees.

Grant income is doubled by the Arts Council, enabling the association to engage Britain's professional orchestras for about 150 concerts throughout the only region which does not have an orchestra of its own.

The association has had support from Mobil for concerts in Southend and Basildon and from IBM for concerts in Oxford, Cambridge and Nottingham—a reflection of the tendency for big company sponsorship outside London to be applied to towns and cities where they have a particular commercial or recruiting interest.

There is obviously scope here for smaller businesses to enjoy the benefits of kudos of art sponsorship with a minimum of effort and originality, but the association admits that making the initial contact to interest the companies can be difficult and labour-intensive.

It has therefore turned to Marketing and the Arts, a private consultancy which arranges sponsorship deals and provides the aftercare to keep the marriage working.

Alastair Sedgewick, its managing director, feels that recessionary effects can be offset by pressures on industry to maintain or initiate an involvement in the arts.

As well as Government pressure for increased private sector contribution, he points to the rising cost of television advertising. "Companies are realising they can get year-round sponsorship for less than me £30,00 it would cost just to produce the average television commercial," he said.

Demonstrated

The "knock-on" effect of sponsorship is well demonstrated by the experience of the City of Birmingham Symphony Orchestra which six years ago received its first industrial backing from IMI, the engineering and non-ferrous metals group.

Each year since, IMI has backed three or four concerts, traditionally two in Birmingham, one in London and perhaps one in Leeds, all for a relatively modest outlay—this season about £9,000.

Other sponsors, representing national and local interests, have followed the group's example, often after seeking its advice.fl This season individual concerts are being back to the tune of up to £4,000 each by Tube Investments, Mitchells and Butlers the brewers, Glynwed, the tubing and fastenings group, Midland Bank and Pernod.

And BRMB, Birmingham's commercial radio station, is promoting and broadcasting the seven concerts in the orchestra's 1982 Saturday Family Series in a £35,000 deal.

IMI, having established its level of support, has no intention of retreating, despite the recession. The company regards its contribution as index-linked.

"We feel we are being good citizens and are happy to be associated with the undoubted status the orchestra now has under Simon Rattle. We like to think we help the CBSO to mount concerts they would otherwise not be able to do, perhaps because of the cost of the soloist or the size of the orchestra required."

The CBSO, which has lost "one or two" backers because of the recession, is not complacent about its sponsorship income, which totals £65,000 in a turnover of £1.25m.

"We are still searching and hoping for the really big one," said Mr Edward Smith, secretary and general manager. "Something along the lines of General Accident's support for the Scottish National Orchestra."

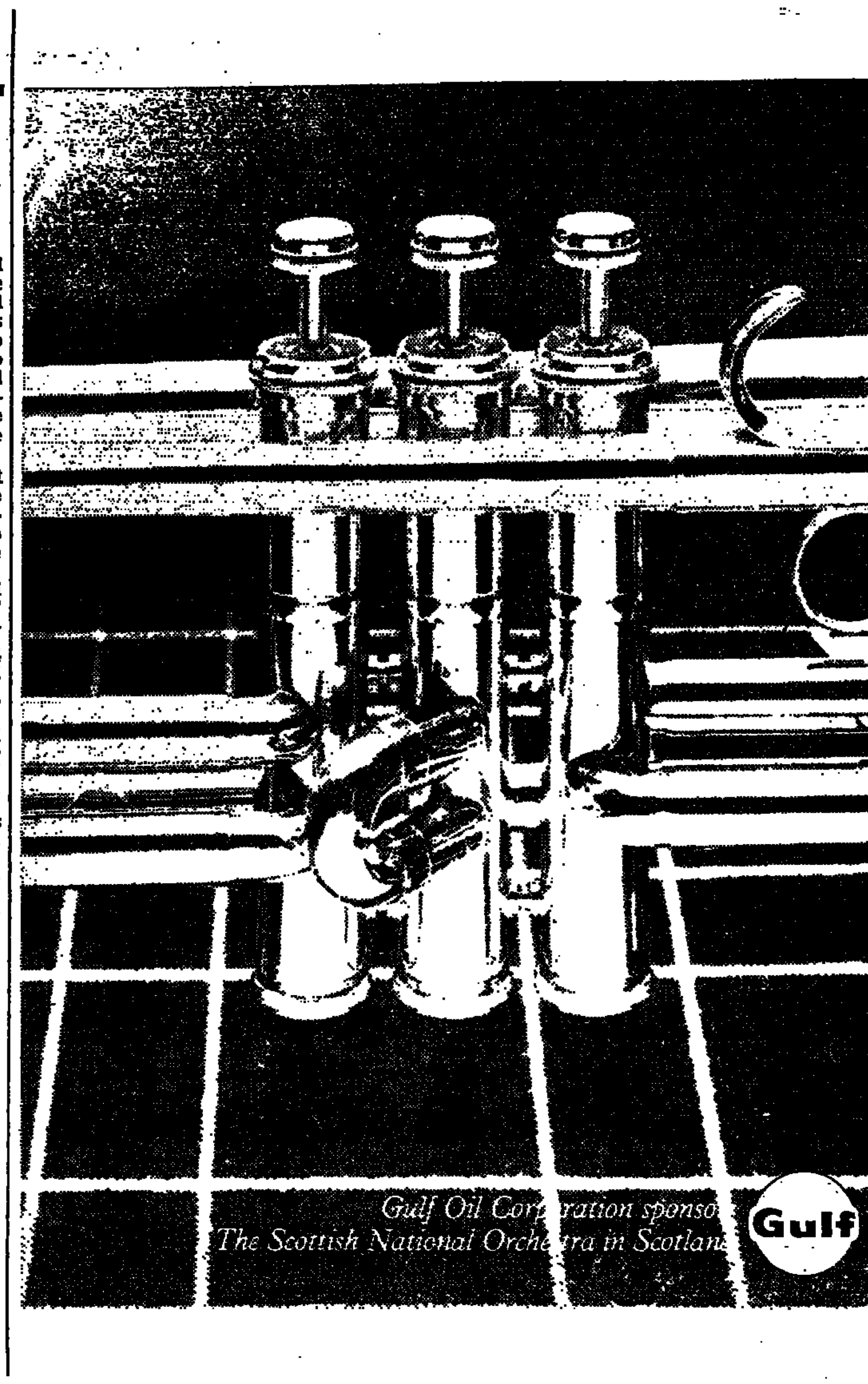
In autumn next year General Accident will be taking SNO to 12 cities in the U.S. and Canada, a venture seen as a logical extention to the orchestra's 20-city UK tour this year which cost Perth-based General Accident £150,000.

This tour, said to be the largest UK orchestral tour to be supported by a business organisation, gave General Accident an opportunity to involve all its 63 branches and entertain its customers.

It was also able to establish a presence in up to 3,000 schools through a series of wall charts, a music competition for 40,000 schoolchildren and children's concerts at eight of the main venues.

Mr Gordon Simpson, chairman of General Accident, said: "The success of the tour has confirmed our belief that the association would be fruitful, rewarding to both parties and a demonstration that GA acknowledges its responsibility to the community and to the arts in general. We look forward eagerly to the continuation of our special relationship with the SNO."

John Falding



Contrast in W. Germany: state the main patron

THERE IS very little private patronage of the arts in West Germany. Gone are the days when a countess would invite a poet to her castle for exclusive readings in order tactfully to relieve him of the necessity to fight for a living. Today's patrons — some industrialists, a few banks — often seek only to promote their images through support of the arts.

The nobler minded sponsor conceals himself behind the anonymity of foundations and cultural circles, which give rather modest prices to up-and-coming young writers and once in a while to sculptors and painters or musicians. The main reason why their numbers are so small is the country's stringent tax laws, which do not treat donations kindly by granting sweeping tax exemptions — in contrast to regulations in the U.S., for instance.

Overall, protection and support of the arts is up to the state. Under the West German constitution, freedom of the arts is guaranteed. Because the country takes pride in its tradition as a "culture-loving nation," this guarantee extends to heavy subsidisation of all sectors of cultural life.

Responsibility

It is here that the federal structure of West Germany comes in. Responsibility for the arts is in the hands of the Lander, the provincial states, and of the municipalities. This shows in the arts budget, which also includes spending on some religious matters and on historic conservation. Only about 2.5 per cent of total 1980 expenditure of DM 4.5bn contributed by the Government. In addition, artistic endeavours abroad, designed to represent cultural life in Germany, are also financed by the Government. Roughly 50 per cent came from the regional centres and the rest from the provinces. This means the support of theatres, operas, orchestras, museums and galleries is the domain of the region, especially of the towns.

There are historical reasons for this decentralisation. It harks back to the times not simply before Hitler but before Bismarck, when rival princes sought to prove to one another how very cultured, as well as powerful, they were. The rivalry today between the provincial states and the cities thus has a great tradition. It increased, however, when Berlin lost its supremacy in the post-war years and Bonn failed to or could not step into the breach.

Thus West Germany offers a variety of drama, music and art distributed throughout the country. According to statistics released by the Federation of German Stages, the country is at present boasting roughly 200 fully subsidised theatres and operas and 87 partly subsidised stages. A total of about 18m people visited public theatres and another 4.5m attended private theatre shows last year. Apart from these stages there are dozens of summer open-air theatres, theatre festivals and festivals of all descriptions taking place at regular intervals or prompted by special occasions.

Nor does the impressive list of German cultural institutions stop short there. To enumerate only a few: there are exactly 89 big orchestras and seven chamber orchestras in the Federal Republic, all of them either fully or partially funded by the Lander of the municipalities, not counting 12 highly renowned radio - orchestras which, however, are financed by broadcasting licence fees.

Nor should one forget the fully funded 900 museums, among them the new spectacular Roman-Germanic Museum in Cologne erected with taxpayers' money, which are drawing the crowds. Some even speak of a veritable museum boom—in 1979, the last figure available, as many as 38.5m arts lovers visited the museums against only 33m a year earlier.

Concerts, ballets and operettas also seem to attract a strong following, whereas operas and drama have been losing audiences for some time. One possible explanation for this decline in audience figures is that while there is certainly a lot of culture around, the quantity perhaps reduces the quality. Another argument is that despite tremendous advertising efforts the performing arts have failed to win aficionados from blue-collar families. A further contributing factor may be the German subscription system which favours long-term planning, but is apt to frustrate snap decisions. All too often the would-be theatregoer finds that if he takes a chance, the seats have long since vanished into the hands of subscribers who frequently end up not using them.

As a former Federal President put it recently: "in certain theatrical circles it is thought slightly lacking in taste to entertain the audience. One aims at starting social processes, at changing awareness patterns, at shaking up society. But one does not ask whether this is what the audience wants."

Small wonder that it is especially the theatres, faced with falling box office receipts and simultaneously rising personnel and production costs, which are feeling the financial pinch. Even the big towns such as Berlin, Hamburg and Düsseldorf, which still lure thousands of visitors to their theatres, are talking of a crisis.

Gloomy

The outlook for the future is gloomy indeed. The tighter the budgets of Lander and urban centres are squeezd by the recession the louder the question is asked how much longer a state which has already started to cut into its social net can afford to subsidies to the hilt often half-empty houses. The debate is on whether at this time of dearth it is justified that the community of taxpayers—including those who never go to the shows—should fund 80 per cent of a ticket worth DM-100 so that it can be sold at DM 20 at the box office—still mostly to people who are in a position to pay more.

Meanwhile the Council of German Towns has appealed to the municipalities not to succumb to the overall savings drive and so curtail cultural spending. But Wiesbaden, Darmstadt and Kassel have already announced that they cannot exclude their theatres from their household consolidation efforts. The same applies to Bremen, where there is even talk of closing the drama section of the stage. Cologne wants to force its opera singers to accept cutbacks in salary. Hamburg, Stuttgart and Karlsruhe are also planning to introduce savings measures.

Only Munich seems to be seeking its own way out of its financial misery. The Bavarian State Opera has been offering first night tickets at DM 240 lately—and had them snapped up. A turning point in the sponsoring of the arts and culture in Germany?

Elgin Schroeder

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why women are still boxed in

Jason Crisp on Thames TV's renewed efforts to provide equal opportunities

THAMES TV announced yesterday that it was adopting a "positive action programme" to ensure equal opportunity for women within the company. The move follows a report which criticised Thames's career structure, training and the attitudes of some of its male managers for adversely affecting the careers of women employees.

The programme is broadly modelled on the affirmative action programmes (AAPs) which have been widely adopted by companies in the U.S. The existence of powerful legal remedies and conditional government contracts have put considerable pressure on U.S. companies to pay more than lip service to giving equal opportunities to women.

Although Thames would like to be considered an enlightened employer in its attitude to women the lengthy report paints a picture of a company which is a long way from being an equal opportunity employer. It should be said in Thames's favour, however, that it has tried harder than many companies and should be given credit for conducting the study in the first place—even if it was done with one eye firmly on the Independent Broadcasting Authority's review of ITV franchises.

Lags behind

It is, of course, illegal for companies in Britain to pay women less for equal work or to discriminate against them in either promotion or recruitment on grounds of their sex or marital status. A number of larger companies also have declared non-discrimination policies yet the evidence is that relatively few women are moving up the management ladder and women's pay still lags well behind men's.

Thames TV, which has described itself as an equal opportunity employer for several years, invited an independent researcher into the company in May last year to assess the position of women and to look at possibilities of positive action under a provision of the Sex Discrimination Act. (Under this section a company can encourage women to enter jobs which have traditionally been the main province of male employees, although little use has been made of it.)

The positive action programme which is to be announced by Thames is a result of that research. It was conducted by practising barrister Sadie Robarts and was jointly funded by the Equal Opportunities Commission and the National Council for Civil Liberties.

The report explains that there are a number of categories of jobs which are dominated either by men or by women. Makeup, production assistants (PAs) and catering posts are almost totally filled by women. Men occupy most of the technical and production jobs such as operating cameras and sound equipment, moving props and scenery and film editing. Also, the upper management of the company—both in production and administration—is dominated by men. (The report points out that the position at Thames is not markedly better or worse than at other television companies).

Of 51 senior staff—directors and executive officers—only two are women. The report also notes that while women dominate the jobs which seem to be natural training areas for the post of producer and director they are not promoted in anything like proportional numbers. All 82 PAs are women and so are 48 of the 77 researchers. Yet only 7 out of 55 producer/directors, eight out of 31 assistant producers and one out of 25 directors are women.

A substantial majority of women at Thames earn less than £10,000. Of the 1,182 men at Thames in a trade union only 202 earn less than £10,000 and 566 earn over £15,000. Only 29 of the 605 women in a union earn over £15,000.

After interviewing a number of women employees and male managers Sadie Robarts comments: "The inescapable conclusion . . . is that many of the women employees feel they are being denied opportunities to compete for non-traditional and better paid jobs. Without a programme of positive action to remedy the causes of this the workforce pattern at Thames is unlikely to change."

The report also acknowledges that there were a number of women who "felt strongly" that they had achieved all they wanted in career terms and did not want the impression given that all female employees at Thames felt their aspirations had been thwarted.

"And now, a programme about equal opportunity employers"

The main frustrations lay in three areas: secretaries who wanted to get into production; researchers and production assistants who wanted to become producers or directors; and women who wanted to work in areas traditionally dominated by men.

The secretaries often had degrees and had joined the company with the promise that this was a way into production. "As this had not proved to be the case they felt cheated by the lack of opportunities to train for further promotion."

Critical

The production assistants and researchers felt that one of the reasons they were not promoted to producer/director level was a lack of technical experience and were highly critical of the lack of technical training.

One of the most important aspects to emerge was the personal attitudes of the managers. "It is perhaps obvious but worth noting that the women felt strongly that the attitudes of their male managers determined whether or not women were hired into particular departments, and once there, whether or not they were promoted," says the report.

Because of this some women felt that there was no point in applying for particular jobs. Even though at least three other individuals sat on promotion boards the women felt that where a head of department was hostile, they would not be taken on. On the positive side the five women who had succeeded in moving into traditional male preserves had been able to do so because of support and help from sympathetic males.

Men most likely to be sympathetic were those with wives or daughters who had a career.

Twenty-one managers were interviewed in depth and the report found: "The attitudes to women at work generally and in television in particular varied tremendously from sympathy and encouragement . . . to absolute hostility to the concept of women entering non-traditional jobs, and a refusal to accept that in some way women appeared not to reach the top in television for reasons more related to stereotype attitudes than to their lack of ability."

The report says that the attitudes of managers towards employing women is unlikely to change without specific steps being taken by the company. It points out that training in management techniques, and the changes in the law relating to the employment of women, can be instrumental in persuading individuals to adopt a more flexible approach, "and to rethink attitudes they have held unquestioningly about women as employees."

If Thames undertakes a positive action programme, says the report, the Staff Relations and Training departments will play a crucial role in implementing it and ensuring its success. But it found a disappointingly low level of awareness in these departments about the implications and possible application of the sex discrimination legislation.

Thames has agreed to implement many but not all of the recommendations for a positive action programme. These include:

- The appointment of an executive director responsible for: forming a committee of representatives from different sections of the company to develop the positive action project; introducing training courses on equal opportunities for managers especially those from personnel; development of a code of practice for interviewing; and detailed monitoring of women's position in the company in job applications, appointments and promotions.
- Encouragement of the awareness of training opportunities.
- Careful examination of recruitment procedures to avoid unintentional discrimination in job descriptions and advertisements.

Transfer

- Analysis of the merits of a regular staff appraisal scheme.
- Extension of child-care assistance and counselling.

Recommendations which have not been adopted by Thames include a career path analysis of production assistants and researchers and the development of written criteria for merit or promotional salary increases.

The company also opposed a suggestion that employees should not have to obtain permission from their heads of department to apply for transfer or promotion to other departments. The women at Thames felt that such applications would be used by (unsympathetic male) managers as evidence that they were not interested in their own department. (CBS, the U.S. communications giant, accepted this possibility as part of its own positive action plan introduced in 1973).

It was in 1973 also that the U.S. Equal Employment Opportunity Commission took American Telephone and Telegraph to court. This resulted in the company having to pay over $45m in back and revised pay: it also agreed to revise its policies on promotion and transfer.

In the U.S. companies with more than 50 employees and more than $50,000 of federal contracts have to submit a written AAP to the government; over 30 million people work for companies with an AAP.

It will obviously be some time before Thames's positive action programme shows any significant results. But it would seem that its effectiveness depends greatly on the spirit with which it is implemented. If the executive director responsible and the personnel department have little real enthusiasm for the programme it will prove to have been not much more than a placebo.

BOARDROOM BALLADS
THE TOKEN PRESENCE

A boardroom is a kind of den
Wholly redolent of men
Which women mainly get to see
When bringing in the lunch or tea;
But one or two I would applaud
Have brought a lady on the board
Either out of great acumen
Or as their "statutory woman."
Either way, the eye detects
Unexpected side effects
Which tend to make the boardroom rock
To massive metabolic shock,
And leave the gentlemen regretting
A problem of their own begetting.

★

For here the chauvinistic mind
Seems inescapably inclined
To place, in two main categories,
The ladies central to their worries;
Disparaging, behind their backs,
Their "bomb-shell" or their "battle-axe."

★

The "bomb-shell" image is a figure
Like Marilyn Monroe's, but bigger—
Elegant, but only just
Clothed about the thighs and bust;
Offering like Eliot's miss
Some promise of pneumatic bliss.

★

But contrary to male assumption
That pretty blondes have little gumption,
This modern version boasts degrees
Like MBAs and Ph.Ds,
And an intellect as real
As her physical appeal.

★

A combination which the men
Never hope to see again.
And, envy coupled with desire,
They watch the goddess rising higher
Until, with sunlight in her hair,
She occupies the chairman's chair.

★

The "battle-axe" implies a style
More dependent on her guile,
Since her feministic facets
Are seen as insubstantial assets.
Eschewing every pleasure known,
To which the weaker men are prone,
She maddeningly seems to know
Everyone's portfolio;
And, where information's power,
Accumulates it hour by hour,
Until, by process of attrition,
She decimates the opposition.

★

These ancient overtones of sex
Cannot prevent what happens next,
When every boardroom stands ajar
To women as they really are—
Good and bad, like all the others
Of their gentlemanly brothers;
Revealing—and it really hurts—
The irrelevancy of their skirts.

Bertie Ramsbottom

NEXT WEDNESDAY: THE CHAIRMAN

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Commodity speculation

In a recent issue of the Financial Times you gave an answer to a reader who had entered into a 12 month commodity investment agreement. You opened your reply with the following words: "It is a pity that you did not think about your prospective tax position before committing funds to commodity speculation." Could you expand upon this as I am considering a commodity investment myself and I would like to know what tax consideration I should be examining?

Anyone considering putting money into commodities, without knowledge of the commodity markets or the relevant taxation principles, should first invest some money in disinterested professional advice.

The tax questions to be considered include: (1) Am I likely to be assessed to income tax or to capital gains tax? (2) If income tax, will it be under case I (earned or unearned?) or case VI (unearned) of schedule D? (3) If case I, to which date should my accounts be made up each year?

Lease on shop

I have a shop property in respect of which the lease expired on December 20 1980. A notice was sent on January 23 1981, to the lessee on a form the title of which was: "Landlord and Tenant Act 1954" terminating the tenancy on July 2 1981 which did not in fact give six months' notice. It appears that the Landlord and Tenant Act 1954 Form 25 should have been sent. Subsequently a form was sent dated March 12 1981 expiring on October 8 1981 stating, among other things, that a new tenancy would not be opposed. A rent has now been agreed at a higher level and a draft lease has been sent to the lessee. I am asking the lessee to pay the new agreed rent from the date of the expiry of the old lease. Would you kindly let me know: (1) Am I entitled to claim this increase in rent from the date of expiry of the old lease? (2) If not, at what date am I entitled to claim the increased rent? (3) Am I entitled to have all the works carried out as to the dilapidations in respect of the held-over lease and if so, what kind of form should I use?

(1) No. (2) From the date of commencement of the new lease, i.e. not before October 8 1981. If the tenant has commenced proceedings in court the date will be later unless you have made an application to the Court for an interim rent. (3) Yes. There is no form. You should serve a Schedule of delapidations, preferably prepared by your surveyor. Your claim may be limited to the diminution in value of the reversion.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Television

Let's get political

by CHRIS DUNKLEY


Rosalie Wilkins


Cliff Richard

Roll on the day when advanced technology brings us enough cables, videodiscs, satellites and videocassettes to swamp any hope of pre-publication control by government. Once that happens — if it happens — and TV/video origination becomes as commonplace and as unremarkable as the production of print, television may be free to start growing up. At present it is like a grotesquely overgrown infant as large as the "parents" who control it with such fearfulness and jealousy, yet crammed into unsuitable nappies, and permanently laced into a set of toddler's reins which are so restrictive that the poor child only manages a fraction of the activity of which it is capable.

If one had not lived with the process by which such circumstances had come about it would surely be beyond credence that in 1981, long after universal suffrage had been extended to everyone over 18, ages after men had walked on the moon, and at a time when we can produce test-tube babies, television companies still cannot make political programmes.

Of course they cover news events such as the Crosby by-election (if they are not on strike) and from time to time someone such as Llew Gardner or the late and much missed Bob McKenzie makes a number of programmes about politics or more often politicians which, of course, is not the same as making political programmes. Anyway, even these are far too rare. Having collected together representatives of those parties which occupy the middle ground of British political thinking (probably looking as similar in outlook to, say, a Soviet communist as his country's "choice" of political candidates looks to us) they interview them in studio with scrupulous even-handedness.

In all the years I have watched television I cannot recall a single programme of that kind which sought the views of a communist or a fascist. We hear from Labour Party conservatives, Tory Party conservatives, and Liberal or recently Social Democratic conservatives—that is to say people who are happy to conserve our present system — but never from those who seek radical change, whether to left or right.

No doubt this suits a majority of British viewers who are, clearly, overwhelmingly conservative (small c again). But it raises awesome questions about how changes other than cosmetic ones are to be brought about in our society. If print had been kept under this sort of constraint (as it was at first) we should not have had the Reform Bills, female suffrage, the Labour Party, or a welfare state when we did. Of course print still has as much freedom now as then. But the only reason for withholding similar freedom from television has been the scarcity of national off-air frequencies, with the consequent need to impose fairness rules. Cables, satellites and videograms are subject to no such scarcity.

Yet even if we do have to await the arrival of "information revolution" before television can begin to retail political opinions outside the environs of the party political broadcast — of which we saw a calamitously awful example from the Labour Party last Wednesday — there appears to be no reason other than sheer funk why our broadcasters, even under the present rules, shouldn't provide regular programmes *about* politics, in addition to those sets of interviews.

The settled habit at *World in Action*, *Panorama*, *Weekend World*, and so on, of devoting occasional episodes to the piecemeal analysis of policies (almost invariably using the "On the one hand, on the other hand" technique) is no substitute for regular searching programmes about politics in general. Nor is the habit of interviewing politicians, however "abrasively," any substitute for programmes applying all the tools of journalism to politics.

The best we can expect at the moment is the sort of three-way fencing contest that we saw in *Panorama* on Monday with David Dimbleby being forced to play the role of d'Artagnan, testing blades with all comers. It conveyed some of the political reality involved in Norman Tebbit's proposals regarding union law, but far too little.

Last time I postulated the eventual liberation of television, some readers told me it was inevitable but a pity because it was good to have a mass medium "above the fray" of politics. I do not agree. The eventual liberation of electronic mass media does seem likely. But lacking, as it clearly does at present, the likes of John Walter—the first owner of The Times who went to Newgate Gaol repeatedly in the cause of free speech—television may take a lifetime or more to get there. Don't forget the Press did not escape the handcuffs of the Stamp Tax until 1855. Given the determination of politicians to keep control of television, the newer medium might never win its freedom.

And "being above the fray" is a very mixed blessing. Mugwumps among viewers may relish the absence of party politics, but when you flip over the coin marked "No political convictions" you find the reverse marked "No political responsibilities" and that, I believe, has played as large a part as any other factor in the way that current affairs programmes are slowly turning into an irresponsible cacophony of sob stories.

Logic, habit, commonsense and sheer human inclination ensure that a newspaper, with its known editorial stance, will support some good causes more readily than others. Lesbian mothers will receive better coverage and a more sympathetic representation in The Guardian than old soldiers or members of the Distressed Gentlefolks Association while the reverse will be true of the Daily Telegraph. What neither newspaper will do is suggest that vastly increased sums of public money should be spent immediately on every category of supposedly deserving person: the blind, the young, the old, the deaf, the transexual, the unemployed, and so on.

Yet that is precisely what television is doing nowadays, sometimes explicitly, but far too often tacitly. ATV's hour-long programme last Tuesday about the disabled, *We Won't Go Away*, was a classic example. It had many things going for it: a budget big enough for foreign travel, a pretty girl in a wheelchair as a presenter, and a ready supply of loquacious Americans in wheelchairs as witnesses. It had everything except the facts.

Though it was concerned with the feared destruction of equal opportunity legislation which was passed to help the disabled it didn't specify what the law provides, nor did it say how the Reagan administration was endangering that legislation, and crucially it never mentioned what any of this "positive discrimination" cost, nor what ending it would have.

Had it been an honest programme it would have said "Every dustman, sewage worker and farm labourer as well as company directors would be obliged under this law to give X percentage of his income to pay for electric lifts on buses for those who use wheelchairs, and for building special concrete ramps into opera houses" or whatever was involved exactly.

It is not that one wishes to belittle the causes. All are no doubt worthy. But in the real world choices have to be made even between worthy causes; that is what politics are about. Barring television from the political arena, banning television from Parliament, preventing television from making actual political programmes is, surely, one way of ensuring the continuation of this callow approach. Roll on that technological revolution.

* * *

All of a sudden it seems impossible to escape Cliff Richard. In addition to a whole series of BBC2 programmes about him, he cropped up in ITV's *Royal Variety Performance* singing "Hand Jive" among other songs. All the evidence suggests that he is a nice enough chap, and less silly than many in his business. So why does he go on dressing in clothes such as a gold decorated black silk jacket which reveals his chest, and continue to prance and strut and wiggle his hips when it is so utterly obvious that it comes about as naturally and spontaneously to him as it would to Harry Seccombe? Why on earth does the man not accept reality, buy himself a rocking chair, and settle down to being Val Doonican the Second?

Teatro la Fenice

Manon

by WILLIAM WEAVER

After some years of perilous navigation, amid threats of bankruptcy, labour disputes, artistic failures (and also some successes), the Teatro La Fenice seems to be sailing smoothly. Under the general management of Lamberto Trezzini and the artistic direction of Italo Gomez, both men with considerable and commendable experience, the Venetian house for the past year or so has been able to put together an interesting programme, and then actually get the scheduled shows onto the boards.

But, of course, opera remains the thing; and the current new production of Massenet's *Manon* has got the season off to a good start. Wisely eschewing costly super-stars, the new regime at the Fenice assembled a largely young cast, entrusted them to a young producer, working with the house designer. Only the conductor, Georges Prêtre, was a veteran (and a familiar visitor to the house).

In the title role, the 25-year-old Floriana Sovilla made a strong impression. Though she has been singing for little more than a year, she has already developed, it seems, a distinct stage personality, helped by her pert good looks. The voice is sweet but strong, particularly in the top range; occasionally, low notes lose body and power and she tends to use a parlato when she might better be singing. Her Manon was admirable in the more lyric scenes (notably the Second Act), less characterised in the brilliant moments. Her first aria, "Je suis encore toute étourdie," was competently executed, but insufficiently bewitching, just as her Gavotte in the Cours-la-Reine scene, could have been more brilliant (and her Prêtre perhaps could have guided her more firmly). Still, the interpretation was always enjoyable, often moving and filled with promise. Her career is obviously under way.

Baritone Angelo Romero—at 41, the senior member of the cast—sang with assurance and style and many of the smaller roles were strongly cast. Gladys Mayo Monique Baudouin and Rosanna Didoné as Poussette, Javotte and Rosette respectively, were enchanting and precise; and Michel Hubert, as Des Grieux père, was also praiseworthy.

Making his debut as an opera producer, Jean Reynald Prêtre — the conductor's son — managed to move the chorus easily, but was less successful with the principals. Apparently subscribing to the theory that any movement is better than stillness, he had Manon and the three girls pace about the Hotel de Transylvenie pointlessly and disturbingly.

Lauro Crisman's sets were pleasantly traditional and made use of an attractive range of colours; the costumes, too, were handsome, conventional.

Guildhall School, EC2

Dreaming about Thérèse

by ANDREW CLEMENTS

The opera *Tintomara*, brought to Sadlers Wells in 1977 by Stockholm Opera, is almost all that London has seen of the work of the 55-year-old Swedish composer Lars Johan Werle. But for one of its end-of-term opera productions the Guildhall School has come up with an earlier Werle opera, *Dreaming about Thérèse*, first performed in 1964 and staged at the Edinburgh Festival a decade later.

Dreaming about Thérèse apparently has the distinction of being the first opera composed for performance in the "round." It is based on Victor Hugo's short story *Pour une nuit d'amour*, the unsavoury tale of a teenage girl (Thérèse) who returns from a convent education to resume a sado-masochistic affair with her foster brother, Colombel. During one of their bouts, Colombel is accidentally killed and Thérèse seduces Julien, a shy and ugly clerk into disposing of the body. When he goes to throw it in the river, Julien is overcome with the horror of what he has done and throws himself in also.

Werle's score is very much a product of the early 1960s. The audience is grouped around the acting area, and around them in a gallery are the orchestral players, together with loudspeakers for the pre-recorded tapes. The action is parcelled up into 14 short scenes, and props and scenery are kept to a minimum. Much of the time the work seems to hover between the genre of opera and music theatre, with neither the dramatic force of the former, nor the economy of means of the latter.

It is a numbingly thin affair, sustaining itself on a couple of mildly lascivious scenes and some occasional bawdy humour. There are no memorable musical inventions and all too many embarrassing dramatic ones; the orchestral score is largely a collection of modish effects—clusters, glissandi and quantities of noisy percussion.

Yet what chances the score provides for its singers were seized upon gratefully by the Guildhall cast; evidently a great deal of careful preparation has gone into realising all the special demands of this tiresome piece. The four principal characters are shared between two sets of singers during this week's run; for the first performance on Monday Linda Strachan was an impassioned Thérèse, not quite striking a true balance between spoken and sung passages (two distinct characters were sometimes suggested), and Andrew Hambly-Smith a believable, faithful Julien.

Kim Begley's Colombel made the most secure vocal impression of the evening, though the part allows him little more than a pathological cipher, and Yvonne Egan as the housekeeper Françoise made all she could out of the folk song which permeates the central scene of the opera.

Peter Ford conducted the valiant Guildhall orchestra and Johanna Peters's production managed to cope well with the patent absurdities of much of the scenario, but such enterprise and energy should not have been squandered so grossly. There are further performances tonight and Friday.

Thorndike, Leatherhead

A Criminal Suggestion

by MICHAEL COVENEY

The theatrical worlds of Dürrenmatt and Agatha Christie are caught in interesting conjunction in Philip Guard's speedy thriller, playing its final week in the increasingly one-way Leatherhead town centre. Dr Harry Scott-Giles, played by the author, is both loony scientist and country physician in a comfortably furnished Suffolk retreat: a defeated vivisectionist researching into a cure for diabetes by stepping up his campaign to preserve human life on a murderous trail.

The moral and ethical discussion is cleverly balanced with traditional thriller developments. Upstairs, the doctor's wife wastes away, the victim of an anti-vivisectionist riot, whose perpetrator has been committed to psychiatric detention only to break out and confront his former colleague, Scott-Giles, with a knife. The doctor is a charismatic neo-Fascist surrounded by submissive women: the unseen crippled wife (given to spasmodic hysterical deafness; the loyal former psychoanalyst turned nurse; the comic local maid with a guilt problem and the new arrival, a blonde impoverished Canadian researcher.

There are several effective switches of sympathy elicited in the piece, even if one questions its medical accuracy and resents the top-heavy tendency towards providing the most felicitously phrased arguments for the villain. But the conclusion is unequivocal. No medical progress is worth having at the expense of one human life, even if that life is seemingly without point.

The play does not quite cover the same area as the Down's syndrome debate, but an attentive audience will find much to chew on, rather as they did at the euthanasia soap opera, *Whose Life Is It, Anyway?* John Doyle's production contains good, solid work by Diana Payan and Marcia King as two of the sensible but romantically gullible accomplices. There are a few excellent frights and psychopathic flurries, even the odd non-surgical incision and splash of blood.

New York City Opera

Freischütz

by LEIGHTON KERNER

This should have been the main event of New York City Opera's season at the State Theatre. The high romance of Weber's music and Friedrich Kind's libretto, given the right conductor, singers, producer and designer, still provide a sure-fire mixture of sentiment and thrills.

But in timid or condescending hands, the work crumbles under the loss of specific theatrical traditions and under the burden of music too simple for conventionally sophisticated tastes and too difficult for run-of-the-repertory voices.

In a city too long deprived of this ever fascinating masterpiece (the Metropolitan made a dull, monochromatic botch of it in 1971 after a three-generation gap, and City Opera had never staged it until this year), the first announcements from Beverly Sills's office promised much. Christopher Keene, chosen to conduct after Julius Rudel left the company to concentrate on his international career, is a bright, young musician whose successes have ranged from standard repertory through Ginastera's *Don Rodrigo* and Glass's *Satyagraha*.

John Copley, as London well knows, is a producer of versatility, imagination, and reasonably consistent taste, and Carl Toms is a designer well tuned to fantastic doings, of which Freischütz has a goodly share. Furthermore, the opera was to be dressed with a company-commissioned English translation by Andrew Porter, the English critic and musicologist.

The translation has come through with flying colours and, appropriately for an American cast, the colours are largely Stars and Stripes rather than Union Jack. Max, the hunter nearly trapped in a bargain with Hell, is given plain, intense words to go with his haunted music, while the mad invocations of the doomed villain, Caspar; the chaste reveries of Max's beloved Agathe, and the occasionally repressible humour of her cousin, Annchen, assist the drama and music at every turn.

The present problems are musical, directorial, and scenic, which might condemn the whole shows, but none of them seems beyond remedy. I suspect Keene, given more time, can dig deeper into the music's dark beauties. Copley should be induced to return and fill in what is now a mere sketch for a properly hair-raising production. Toms and lighting designer Gilbert V. Hemsley, Jr, should shift their forest-clearing away from Friml and nearer to Weber and reconsider their Wolf's Glen, whose terrors resemble a failed Hallowe'en prank.

Then, too, the male chorus need more vitamins for their third-act hunting song (insecure horns hardly helped them on the first night). A sturdier tenor than Jacque Trussel's is wanted for Max, and a wilder, more resonant Caspar than David Cumberland's. However, let us not lose one iota of Ellen Shade's warmth as Agathe, or Faith Esham's crisp, uncloying charm as Annchen. There is a rousing show to be realised here.

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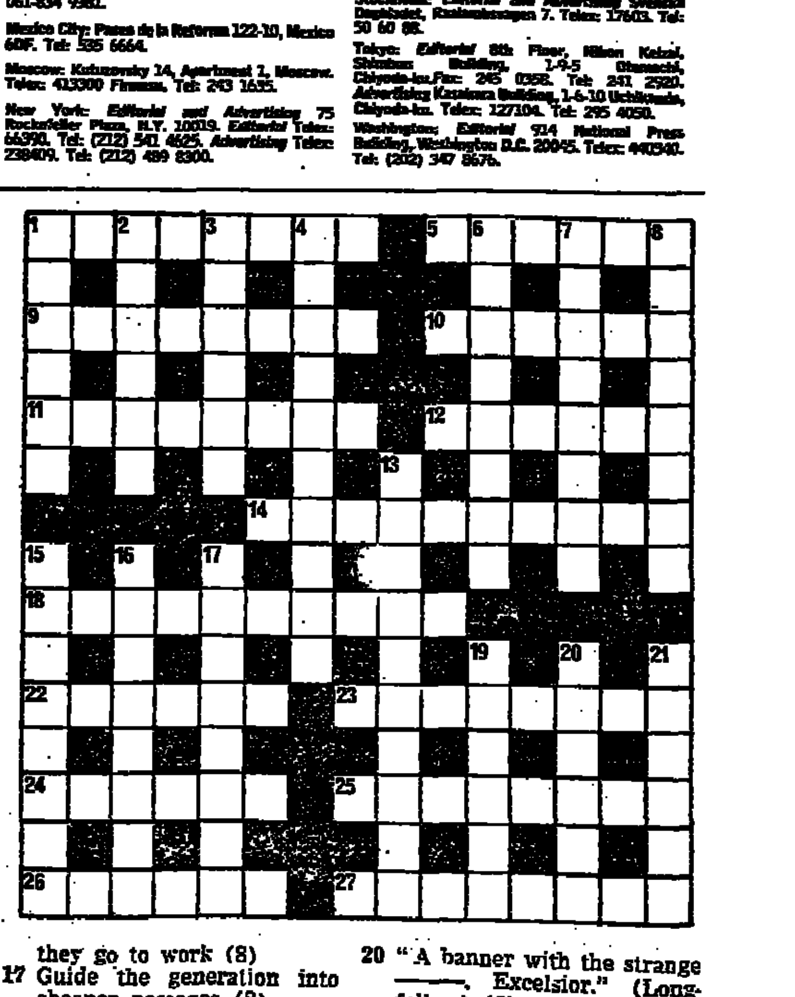
F.T. CROSSWORD PUZZLE No. 4,739



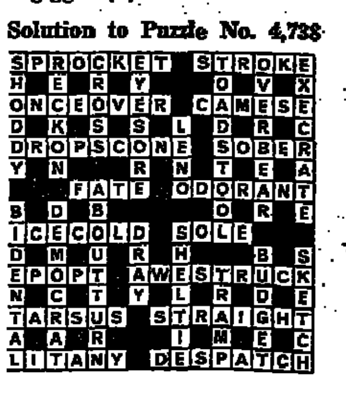
ACROSS

1 Get seats to prepare for the show (3, 5)
5 Africans get us to diet (6)
9 Vagabond seen to hasten to an entrance (8)
10 Shoot about a quarter in season (6)
11 Keep your position even if too drunk to stand (3, 5)
12 Why grumble? It's only a game (6)
14 Cover the match for the would-be film-star (6, 4)
18 One layer in the Final Exam to keep you warm (10)
22 Abstainer in a row causes a giggle (6)
23 Rebel in depression going downhill (8)
24 Service book means nearly everything to a young girl (6)
25 "Thine ancient sacrifice, an humble and a —— heart" (Kipling) (8)
26 Comparatively inclined to break your fast (6)
27 It is obscene to order goods round a City district (8)

DOWN

1 The others follow us up—that is most reliable (6)
2 In America this evening can be explosive (6)
3 Grit is found in this river (6)
4 Fatal effect of purchase from the butcher's (3, 3, 4)
6 Candidate upsets Paris worker (8)
7 But in endeavours there are acknowledgments (8)
8 As an illustration men in the streets cause divisions (8)
13 Agreed, now upset, to become calm (6, 4)
15 When its sand runs out, get cracking! (3-5)
16 You sit open-mouthed when they go to work (8)
17 Guide the generation into cheaper passages (8)
19 Something Elisha picked up from Elijah (6)
20 "A banner with the strange ——, Excelsior." (Longfellow) (6)
21 Give evidence at the trial (6)

Solution to Puzzle No. 4,738



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Wednesday December 2 1981

Questions for the BBC

ONE OF the peculiarities of the British political system is the way in which the periodic fixation of the television licence fee is treated on all sides as a momentous event. Whatever figure is finally announced, it is always criticised as being unfair on old age pensioners. On this occasion, the BBC mounted a campaign for an increase from £34 to £50, to be frozen for three years; Mr Whitelaw has tried to earn kudos by limiting the increase to £46, but still to be frozen for three years.

Value

If one considers merely the cost to the consumer, it is hard to quarrel with the figure of £46; but it would be equally difficult to quarrel with a figure of £50. In both cases, the cost would be considerably less than in many other European countries, and considerably less than that of licensing a car, which went up without fuss or frenzy in the last budget from £50 to £70. In terms of pence per hour of average viewing, television remains very good value compared with almost any other form of entertainment.

But while the cost to the consumer is a serious and important consideration, it should not be the only factor determining the funding of the BBC. It would be more helpful if Home Secretaries could explain why the BBC needs any given level of revenue and what it would be used for. A budgetary analysis of this kind was conspicuous by its absence from Mr Whitelaw's statement yesterday.

Ratings war

The BBC has, by and large, lived up its reputation and our expectations, and it is regarded internationally as one of the benchmarks of what a broadcasting organisation ought to represent. But this does not mean that the BBC is perfect, let alone that it is the only exemplar of quality broadcasting Brtain. On the contrary, it has in some respects evolved far from the original Reithian ideal, and some of the things that it does are done at least as well if not better by its commercial rivals.

The BBC's reputation was originally founded on the quality of its news coverage. Yet it is extraordinary that its best radio news broadcasts are reserved for foreigners on the World Service, and that its main television news programme is regularly outclassed by ITN on the commercial channel. The BBC frequently puts out very high-quality drama and documentary programmes, but so does ITV; and both of them also put out a great deal of vulgar junk. Given that the BBC is permanently engaged in a ratings war with ITV, it can scarcely maintain that it is offering a radically different kind of fare.

In view of the ratings war on television, it is perhaps not surprising that radio is the poor relation in the BBC's output. It is hard to avoid the impression that Radio 3, once one of the jewels in the BBC crown, seems to have lost its way, possibly because it is starved of money and talent; and it is equally hard to see that there is anything superior about Radio 1 compared with the other commercial pop radio channels. If the BBC is short of money, then why is it determined to go wholesale into local radio, when it is arguable that, as with local newspapers, the advertisements carried by its commercial rivals are a valuable part of their service?

System

We do not advocate selling advertisements on the BBC television channels. There is certainly a case for considering commercials on the most popular radio channels, and no reason to suppose that this would lead to a decline in the quality of output; to the extent that it freed limited resources, it might even lead to an improvement in the quality of minority broadcasting.

There is also a case for reviewing the system by which BBC budgets are established; one mechanism might be to replace the Independent Broadcasting Authority with a national broadcasting authority, whose task would be to mediate between all broadcasting institutions and the Government, with more impartiality than one can reasonably expect from the governors of the BBC.

How to train the workforce

THERE IS a positive economic argument why the UK Government should make practical training freely available to teenagers who have left school with little academic success. It is that Britain's sparse provision of so-called vocational training by comparision with that of West Germany and some other competing countries, has a significant bearing on the UK's poorer economic performance.

This claim gains support from a study published last week by the National Institute of Economic and Social Research. It shows relatively little difference between the proportions of the British and of the German workforces possessing degree-level certificates of all kinds. There is a sharp contrast between the proportions with less academic, work-related qualifications such as a completed apprenticeship or certified success in training for technical or clerical work.

Long term

The study indicates that these intermediate qualifications are held by 60 per cent of the German workforce, but by only 30 per cent of their British counterparts. The conclusion is that Germany's training system meets the needs of an advanced industrial economy: Britain's provision does not.

But it can hardly be this positive argument which has now awakened the Government's interest in establishing long-term arrangements for publicly funded vocational training for school-leavers. The economic case is not new. It was cogently presented, for instance, by the Crowther report in 1959.

The Government has probably been stimulated by more negative concerns. One is the need to avert the social dangers of worsening youth unemployment. Another is that present expedients to provide alternative occupations for young people unable to find paid work, such as Manpower Services Commission's youth opportunities programme, have faults which prevent them from being extended.

Suspicions, often justified, that some employers abuse the schemes to obtain cheap labour are helping to lead unions closer to withdrawing their co-operation.

The apparent political attraction of comprehensive training for school-leavers on the German pattern is that it might be rendered virtually compulsory by stipulating a training course as a condition of entering al jobs other than the entirely unskilled. But there are reasons why the simple addition of perhaps a year's compulsory training to the 11 years' compulsory schooling of people unable to find jobs would not work well in Britain.

In Germany schoolchildren who do not show aptitude for academic work have long been provided with alternative, practical studies to which the subsequent vocational training can been seen as a logical sequence. Schools in the UK mostly have no such alternative curricula to engage and maintain the interest in study of children whose intelligences run in other than the academic direction.

Such children often become utterly resistant to formal teaching long before school-leaving age. In some areas particularly poor ones, truancy among 14- and 15-year-olds runs as high as 25 per cent. Many of the young unemployed who have been so alienated by schooling would be unlikely to submit co-operatively or even peaceably to a further period of compulsory instruction. Whatever good training on the German model might offer for the British economy, it would more probably exacerbate than eradicate disaffection among important cohorts of this country's youth.

Far better

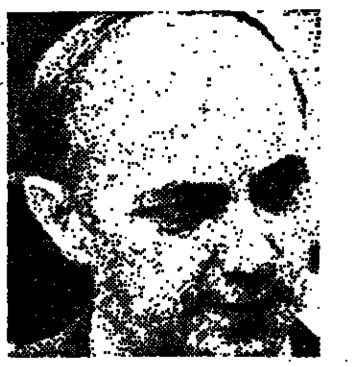
The cause of civil peace would therefore not be served if comprehensive training were established—as is apparently proposed—as a separate structure maintained by the Manpower Services Commission on top of the present schooling system organised entirely separately by the education departments. The territorial division between training and the lower stages of education would need to be removed and the grip of the academic curriculum, maintained not least at the insistence of the universities, be loosened.

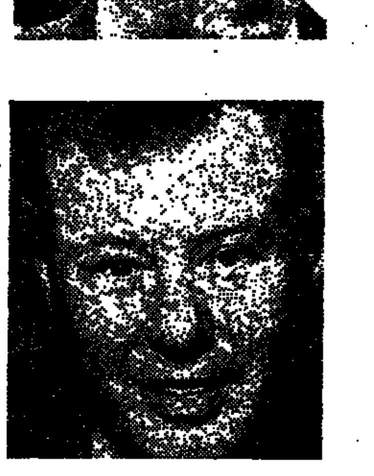
This would clear the way for development of alternative school curricula to challenge and improve aptitudes of other than the academic kind. It would be far better to make training in practical skills available to all children during their schooling, than to try to impose it afterwards on those whose education has often taught them only that study is meaningless and boring.

THE MINERS' NEXT PRESIDENT

It may be Scargill till 2004

By Christian Tyler, Labour Editor





The contenders for the NUM presidency: (top left) Trevor Bell, (centre) Bernard Donaghy, (bottom left) Ray Chadburn and (right) Arthur Scargill

FROM TODAY until Friday Britain's miners will be electing the next president of their national union by secret ballot vote in 210 collieries around the country.

They have four candidates to choose from for this, one of the most important jobs in the trade union movement: two men, who in union terms count as right-wingers, one who says he is politically neutral . . . and Mr Arthur Scargill.

There is probably not one pitman in the country who would put money on any of the three moderate challengers, however tempting the odds. The question in the National Union of Mineworkers is not whether, but by how much, Mr Scargill will win.

If the young Yorkshire miners' leader does win, he will be in office for 22 years, to the year 2004, which is more than twice as long as Mr Joe Gormley has been in charge. That fact alone imbues the election with more than usual importance. But the second question is how will the aggressive, restless—not to say opportunist—Mr Scargill conduct the best-drilled band in the labour movement.

The reasons why this contest appears so lop-sided are not hard to discern. When Mr Michael McGahey, NUM vice-president, became ineligible to stand because of a change in the rule about the age of candidates, it was clear to the left-wing in this highly political union that there was only one other man to carry the militant banner. Some divisions on the Left had to be mended first. But by early last year, the big Left-led areas of Scotland and South Wales were ready to launch the boy from Barnsley.

Under the critical tutelage of Mr McGahey in Scotland and Mr Emlyn Williams in South Wales, Arthur Scargill was presented to the rank-and-file activists at welfare clubs and pit canteens. From the first, he was introduced as "the next president of the NUM." In effect, Mr Scargill has been on the campaign trail for over 18 months already.

By contrast, the right-wing NUM machine has been looking distinctly shaky and short of a matching talent. Apart from anything else, the coalfields appear to be moving leftwards—a process of longer-term significance that may be both the cause and the effect of Mr Scargill's remorseless progress.

The Right could not settle on a candidate, and Mr Joe Gormley, whose homespun charm conceals a ruthless political dexterity, stayed out of the business until the very end. He appeared already to have accepted privately that there was no one who could save the succession for the moderates. Mr Gormley's mood seems to have alternated between resignation and a grim conviction that the reality of a right-wing majority on the union's national executive committee would metamorphose President Arthur once he took the chair.

The most consistent of the moderate candidates has been Mr Trevor Bell, a 54-year-old former head of industrial relations at the union's Euston Road headquarters, and now secretary of the white-collar constituency, COSA. Mr Bell has brains, education, political and tactical sense, and a touch of Yorkshire vanity—all good qualifications. But he signally lacks the inspirational aura that miners expect from a national leader.

The big disappointment of the contest has been Mr Ray Chadburn, the youngish (47) rising star of the moderates, who is president of the big and formerly solidly right-wing Nottinghamshire coal fields. But Mr Chadburn has shown very little real appetite for the top job. The more unkind of his political opponents say that he prefers gardening. Mr Chadburn first declared he would be a candidate, then dropped out early this year. Finally, with only weeks before nominations closed, and after his arm had been twisted by Mr Gormley (not to mention certain senior Labour Party figures) he consented to enter the lists.

There seem to have been two reasons for the late intervention. One was Mr Gormley's conviction that only a miners' miner could put up a credible fight against Mr Scargill and the other was an arithmetical calculation about how the single transferable vote used in this election would work in practice.

The theory is that the vote cannot be split by the competing candidates on the moderate ticket since the more there were the more votes would be aggregated for the Right. It may not work out that way: Mr Scargill's campaigners are confident he will win with an absolute majority on the first count. If a second count is required, the majority would be enormous, they claim.

Mr Chadburn's late re-entry was the reason for a humiliating early setback to his campaign. He failed to secure the nomination of his own Nottinghamshire branches. The pits endorsed Mr Scargill by a clear majority and Mr Chadburn had to rely on the single pit in the Cumberland area to get his name on the ballot form.

The Nottinghamshire president could still collect a majority of the 34,000 Notts miners' first preference votes; but the suspicion is that they will poll heavily for Mr Scargill as their second choice. If that pattern were repeated in other moderate areas, it would make the Left's predictions come true.

The fourth candidate is Mr Bernard Donaghy, also 47, who did not appear on the scene until the last moment. He is president of the North West area, but is little known outside it. Lancashire's miners' leaders (the inimitable Mr Sid Vincent is always saying it) refuse to be classified as moderates. Mr Donaghy swears neutrality and is campaigning on the "solid, sensible" ticket, while making play of the fact that Lancashire was Mr Gormley's own territory.

Mr Scargill has been campaigning on familiar policies carried by the Left-dominated annual delegate conference. His opponents have been campaigning against Mr Scargill. There is, indeed, little real difference on fundamental objectives—a wage that keeps miners on top of the industrial league, early retirement, a shorter working week, more investment for the coal industry, and, above all, job security. The difference lies in the urgency with which those goals are to be sought and the militancy that is to be applied to their attainment.

The strongest card in the moderates' hand, one they have been playing with some passion, is the uncertainty about how Mr Scargill will actually use the power of the presidency. Exploiting the Yorkshire president's past litany of militant quotations, and in particular his refusal to vote for any wage offer short of the full claim decided by the conference, they suggest that he would use the miners as a political battering ram held in a permanent state of readiness for war, only to find themselves defeated by withdrawal of state investment.

Mr Bell has produced the most constructive of the three moderates' manifestos. But he has no hesitation in calling Mr Scargill doctrinaire and likening his political leadership to that exercised in Eastern Europe. The miners will be caught crying "Wolf," he declared. Mr Donaghy's programme is peppered with even less subtle insults, as he pulls out alleged inconsistencies in Mr Scargill's record. Mr Chadburn, still the least visible of the candidates, has contented himself with a few references to "Communist plots."

The leftwards drift in the coal fields already suggests that vague terrors such as these will not be enough to deter the 240,000 miners, as they cast their votes this week.

At national union level this drift is already evident on the 25-man executive committee. A 15-to-10 majority for the Right, wielded over the years with considerable vigour by Mr Gormley, could easily change into an equal Left-Right balance. The Durham vote is now oscillating and so is the Midlands vote.

Meanwhile, the moderates are losing the General and Municipal Workers' Union representative, who, by historical quirk, has had a seat on the executive to represent a small number of members in the coal-mining industry. The accession of Mr Scargill could further nudge the scales and leave him less the prisoner of his executive than has been predicted.

On the other side of the equation, however, it is being suggested that the Yorkshire machine which Mr Scargill would leave behind is not capable of maintaining the grip it presently has on what always used to be a politically moderate coalfield. Mr Jack Taylor, the Yorkshire vice-president, is expected to win the election for the presidency, but the contest for his present job will be the test.

Another consequence of a Scargill victory is that the union would find itself in the unusual position of having a president and a vice-president who are both on the Left. Through most of its history as a national federation, the posts have been balanced. It is even possible that the former firebrand, Mr Lawrence Daly, the general secretary, might be rekindled by the arrival of such a combination — and that would produce a formidable triumvirate indeed.

What the National Coal Board would make of all this is anybody's guess. Certainly, the choice of a chairman to replace Sir Derek Ezra, who retires, like Mr Gormley, next April, after 10 years cheek-by-jowl with the NUM president, will be one of the more intriguing appointments of the year. Mr Roy Mason, the right-wing Labour MP for Barnsley, is rumoured to be keen for the job. His little local difficulty with Mr Scargill suggests, however, that this would be an explosive mixture. Mr Scargill has been mounting a campaign in the Yorkshire coalfields to oust right-wing Labour MPs. A particular target has been Mr Mason.

But, of course, the repercussions of this week's voting will spread far beyond the mining industry. A Scargill victory would undoubtedly strengthen the Left in the Labour Party. It would signal to the Left that there is rank-and-file industrial trade union support for the party conference policies so assiduously championed by Mr Tony Benn. Mr Michael Foot, the beleaguered party leader, would be compelled to recognise — the argument on the Left goes — that he cannot forever juggle the warring factions.

The TUC general council would also receive a leftward shove. Mr Scargill is already a member of the council but has played little obvious part—rather in the custom of the miners in recent years. But next September, the Communist Mr McGahey becomes the union's second nominee in place of Mr Chadburn. Unless he is surprisingly defeated at the annual Congress elections, Mr McGahey is sure to raise the temperature at Congress House. With Mr Scargill alongside him. He would join two other Communists on the council, Mr Ken Gill, of AUEW-TASS, and Mr George Guy of the Sheetmetal Workers.

If, against all the odds, Mr Scargill loses, it will be the most disastrous defeat inflicted on the trade union Left for years, bigger even than that which accompanied Mr Terry Duffy's convincing capture of the presidency of the Amalgamated Union of Engineering Workers.

The resulting tension within the union would be immense, with consequences that no one can foretell. For the miners are no longer just living on the reputation they established in the 1972 and 1974 national strikes. Both sides of the internal political argument agree that the miners are once again taking their place at the head of the British trade union movement: their unanimous stand against accelerated pit closures last March, which temporarily set the Government back on its heels, was but one demonstration of that self-confidence.

History will give Mr Gormley the credit for raising the union to its present stature: it is a fearsome legacy for his successor.

Men & Matters

The Golf club

Where Porsche led, Volkswagen appears to be following in its search for managerial talent.

Earlier this year, the sports car company picked up its new chairman Peter Schutz from the board of Kloeckner Humboldt Deutz, the West German diesel engine and engineering group.

Now Volkswagen is expected to fit itself with a new finance director Rolf Selowsky, from the same supplier.

The appointment of Selowsky to take over the job abruptly abandoned by Professor Friedrich Thomee will be the last move to fill the gap that opened alarmingly in the ranks of VW's top management during the autumn.

Thomee's resignation and the illness of chief executive Toni Schmuecker ended a close partnership that had guided VW's fortunes for over five years.

As chief executive, Volkswagen is bringing in Carl Hahn, a former VW sales director and currently chairman of tyre makers Continental Gummi-Werke.

Senior director Horst Muenzer has been promoted to the newly-created post of deputy chairman; and chairman Karl-Gustaf Ratjen appears to have given an informal nod to Selowsky's appointment with his statement yesterday that "all personnel questions have now been cleared up."

Aged 51, a trained economist and business studies graduate, Selowsky began his industrial career with the Krupp group. He has been a member of the KHD Board since 1966 and almost throughout has held the job of finance and administration director.

"Finally, thi programme on value for money would have been much better if we had been granted a £50 licence fee"

Nick of time

Put that time back at once! No less than $150bn worth of the stuff is being stolen from American companies every year, according to a newly-published survey based on interviews with 312 U.S. top executives. "Recognised" business crimes such as arson, shoplifting and fraud, are said in contrast to amount to only $40bn yearly. "The biggest crime of them all—time theft—remains for the most part unrecognised, unreported and unpunished."

The man on the trail of the Time Bandits is Robert Half, head of Robert Half International, which styles itself "the world's largest financial executive, accounting and data processing recruiter." He calculates the average time wasted each week by private sector employees in the U.S. to be four hours and 18 minutes per week.

How is it done? Some of this new class of white-collar criminals adopt such cunning stratagems as "arriving at work late" or even "leaving early." Others may be seen taking "overly long lunch-hours" and "extended coffee breaks." And wht about "daydreaming and general inattention to work that should be done," eh? And as for "eating lunch on the premises—and then going out for a full lunch hour". . . well. I must stop there lest I be accused of encouraging "copy-cat crime" here in the City.

What happens to all this stolen time? Is it "fenced" on another plane by crooked dealers parcelling together weeks, years, even centuries which we shall never see again? Is it sold to old people by unscrupulous doctors? Is this what futures exchanges are for?

I do not know. But, as I am carried back from a liquid lunch with my golfing clubs in one hand and my crossword in the other, I hear behind me the voice of Peter Simple's immortal Doctor Heinz Kiosk crying "we are all guilty."

Bobajiro-a-job

Nothing like a title for impressing people. "Mine has certainly opened a lot of doors," says Chief William Henderson, the Bobajiro of Ede, Nigeria.

Geordie-born Henderson is now back in England after a six-month tour in the country that gave him his title during which he initiated a record £160m export contract for Capital Plant International of London.

Eleven more contractst for which Henderson did the base work are now being negotiated, says CPI chairman Derek Lennon. The first three, about to be signed, will be worth £60m.

"I've sold plant all over the world," says Lennon, "but I've never seen anyone in a foreign country so trusted and respected as Bill Henderson is in Nigeria."

Henderson, now 65, first went out to Nigeria in 1955 on a 20,000-mile marketing trip through West Africa for Guinness Overseas, whom he had joined after a spell in the Merchant Navy and wartime service in the Royal Indian Navy.

From selling stout, he turned to selling Ovaltine. "There was a partnership deal with Unilever's UAC International " and I was taken over as well," he says.

A constant visitor to Nigeria, Henderson was created Bobajiro (financial adviser) in 1965 for his services to the country by the Timi of Ede. His wife was given the title of Iya-alate, "leader of the women traders." "Quite a ceremony," says Henderson. "It lasted for 24 hours, with dancing, feasting, horse-riding, and a ritual that ended with goat's blood being dripped on my chest.

He retired from UAC in the early 1970s—"but I was too young to stop working," he says. He took a course in radar navigation and went back to sea with a Liverpool shipping company until Lennon persuaded him to explore the Nigerian export market for CPI in 1977.

Only in America

John Sadlik, president of Metropolitan, said the firings were "part of a consolidation, where we had duplication of jobs." He said Metropolitan hired a consultant, whom he called an "outplacement person," to help the former Greenwich bankers cope "with psychological adjustments and resumés."

Disarming

"What does CND stand for?" a teacher asked his O-level class. There was a pause, and eventually one boy raised a hesitant hand "Charles 'n' Diana?" he suggested.

Observer

FINANCIAL TIMES SURVEY

Wednesday December 2 1981

World Oil Industry

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Oil consumption in the West is falling—despite a boom in exploration—as the recession bites harder and conservation measures take effect. The serious problems in the refining and petrochemicals sectors have been worsened by over-capacity and now both the producing nations and the oil companies are having to alter their plans

Editorial production: Michael Strutt. Design: Phil Hunt

The attitude of the oil producers is vital in the present glutted market, reports **Ray Dafter**, Energy Editor

Opec price pact reflects cautious forecasts of demand

THE RECENT decision by the Organisation of Petroleum Exporting Countries to unify oil prices and then to hold them steady until the end of next year could signal the beginning of a new era in the oil industry.

Many senior industry executives and analysts now see the apparent changes in the attitudes and aspirations of the leading oil exporters as being as fundamentally important as the two energy crises of the 1970s.

But there is also widespread concern that the present relaxed state of the oil market could mask underlying tensions and foster unwarranted complacency. Prof. Morris Adelman, president of the International Association of Energy Economists, warned in Houston last month:

"Glutted markets and disappointing revenues generate internal and external conflict. Whatever happens, we will face temporary disruptions in supplies."

Sheikh Yamani, Saudi Arabia's Minister of Petroleum, believes, however, that something "remarkable" has occurred in Opec. Referring to decisions taken at the Opec meeting in Geneva in October, he commented: "We learned for the first time that we could lower prices as well as increase them."

In truth, some of the more hawkish members of the Organisation — the African producers in particular — had little alternative but to lower their prices. The soft market did not justify them charging a premium of $8 or so above the rate for the Arab Light reference crude. Nigeria and Libya, in particular, could see that they were rapidly losing trade.

Hawkish

Industry estimates indicate that in the third quarter of this year the four African members of Opec (Algeria, Gabon, Libya, and Nigeria) were producing only 2.6m barrels a day — about half the level last year and only 40 per cent of their capacity.

The Africans had also seen the writing on the wall in the summer when operators in the North Sea — also producers of light, high grade oil—cut their prices by $4.25.

Market forces, nudged along by Saudi Arabia's high output, brought about pricing unity. Demand for oil has slumped in the past two years largely as a result of the worldwide economic recession but also because of the big price rises of 1979 and 1980 forced consumers to conserve or switch to other fuels.

Sheikh Yamani: little chance of prices rising

Oil consumption in the non-communist world, which had been running at about 52m b/d in 1979, fell to about 49.5m b/d last year and 47.5m b/d this year, judging by the most recent industry estimates.

Just as significant, a number of the Opec members have seen their share of the world's crude oil production being whittled away. In 1979 Opec as a whole accounted for 61 per cent of oil output in non-communist countries. Countries outside of Opec's direct influence—mainly the U.S., Canada, the UK, Norway and Mexico—were then producing 19.9m b/d.

Latest estimates indicate that in the present quarter these non-Opec countries will provide slightly more than half of the non-communist world's production—21.7m b/d out of a total supply of 42.9m b/d. (These figures exclude stock changes, processing gains and net exports from the centrally planned economies.)

Within Opec, Saudi Arabia's decision to flood the market in pursuit of pricing unity has also had a dramatic impact on production balances. Its share of Opec's output rose from less than 24 per cent in 1973 to almost 48 per cent during the July-September period this year.

Following October's Opec meeting, Saudi Arabia has reduced its output by about 1m b/d although Sheikh Yamani recently told British energy journalists that the kingdom would not be afraid of flooding the market again if there was pressure from some countries for a price rise during 1982. And pressure could arise given that major oil companies have been running down stocks in recent months.

Some restocking by the industry together with an improvement in the economic climate could raise demand level next year although few forecasters expect much of an increase.

Estimates within the International Energy Agency suggest that world oil demand should not rise by more than 2 per cent next year. Dr Herman Franssen, the Agency's chief economist, says that providing there are no major political upheavals in key producing countries, potential non-communist oil production should range between 50m and 53m b/d in the mid to late 1980s — "more than adequate to meet projected demand at constant real prices for the next few years."

A report recently published by the energy economics division of Chase Manhattan Bank ("The World Energy Outlook Through 2000: A Time of Transition") paints a particularly sober picture of future oil demand growth.

Taking account of economic growth and the increasing supply of coal, natural gas, nuclear power and alternative energies, the bank concludes that demand for crude oil will grow at only 0.6 per cent a year during the 1980s and 0.2 per cent annually in the 1990s. As a result, says the bank, oil could account for 35 per cent of all non-communist world primary energy in the year 2000 as against 52 per cent last year.

Warning

However valid the analysis, it is as well to treat such forecasts with a good deal of scepticism. It was not that long ago that analysts were warning that fast-rising oil demand would soon reach the industry's physical producing capacity.

Sheikh Yamani emphasised the uncertainty when he commented: "I have learned something in the last few years. You can't trust forecasts." He said that recently he had seen forecasts which indicated that demand by 1990 for Opec oil might be only 15m b/d. Other analysis had shown the need for Opec output to be twice that level. Sheikh Yamani subscribed to the view that Opec could be producing oil at around 29m b/d in 1990—still only 70 per cent of the member countries' installed capacity.

Sheikh Yamani also sees little chance of prices rising in real terms throughout the 1980s. Answering questions at a conference in London two months ago, he suggested the following sequence of pricing developments: a freeze until the end of 1982; nominal increases in the period 1983-86 reflecting 50 to 100 per cent of the inflationary impact; and the maintenance of prices in real terms for the remainder of the decade.

Chase Manhattan Bank also feels there is little scope for big price rises in the foreseeable future. Its best estimate is that (in 1980 dollars) the average price of oil will rise from $31.63 in 1980 to $32.64 in 1985, $40.74 in 1990 and $52.50 in 2000. Taking an "optimistic" view, the bank feels that there is a chance of prices falling to $29.50 by the end of the century. To balance that with a pessimistic viewpoint, oil prices could also rise to $75.50, the bank says.

The oil industry will view such estimates of future demand and prices with keen interest (along with the necessary scepticism) for, encouraged by the present high prices, companies have embarked on an ambitious exploration and production programme.

Drilling activity is at a record level. Among the current exploration "hot spots" are West Africa, Indonesia, South America and the U.S. Exploration offshore China could begin in earnest within the next year given that the Government is expected to offer keenly-awaited licences within the next two months. Saudi Arabia has also whetted the appetites of oil companies with a hint that it may open up new exploration territory.

There is a great deal of oil still to be found worldwide, as the Italian company Agip points out. In a study of potential reserves the company recently estimated that during the next 20 years the industry could prove the existence of an additional 1,017bn barrels of recoverable oil. This oil would come from new discoveries (450bn barrels), the re-evaluation of existing fields (205bn barrels), and assisted recovery of oil using new producing technologies (362bn barrels).

When added to the amount of oil produced so far (413bn barrels) together with current proven reserves, Agip's figure for new discoveries brings the estimate of the earth's total recoverable oil to 2,082bn barrels. This is near to the 2,000bn barrels benchmark figure used by much of the industry for its analysis in recent years. However, many would argue that this figure is a conservative one and that ultimately much more will be found and produced.

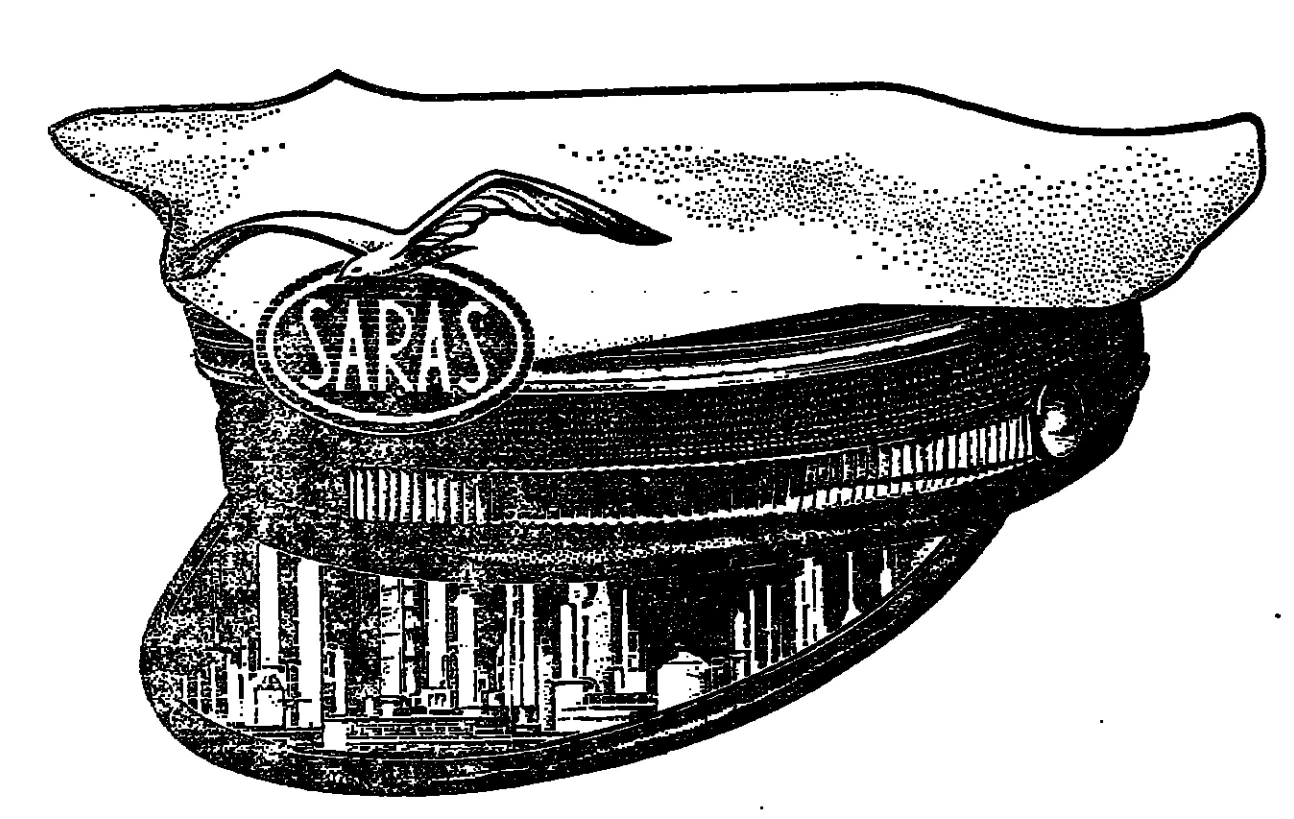
A large proportion of the oil will be expensive and difficult to extract. The North Sea is providing a foretaste of the challenges which will have to be met by the industry.

What the industry requires more than anything else is a period of stability, reasonably free from pricing shocks and violent swings in supply and demand. This may be asking too much given the political uncertainties in the Middle East — the heart of the world's oil industry.

Still, the climate is changing. Opec has accepted a price freeze. Saudi Arabia is now pressing for a flexible and moderate pricing formula to be incorporated in the Organisation's Long Term Strategy. And, perhaps most significant of all, Opec has begun consulting oil companies and consumers, something that has not really happened since the 1973-74 crisis.

Last week hundreds of political and industrial leaders gathered in Vienna for a conference organised by Opec. The designated theme itself held a promise of better times for the oil industry: "Toward a More Equitable Interdependence."

The Transworld 58 floating oil production platform adrift in heavy seas in the North Sea last week—a reminder of the risks of offshore exploration and production. The platform, a converted drilling rig, is used to extract oil from Hamilton Brothers' Argyll Field, the first producing oil field in the UK sector of the North Sea



Energy analysts are trying to untangle the reasons behind the drop in oil consumption **Ray Dafter** explains why

Cryptic changes in world market

ESTIMATES of oil consumption levels indicate that important changes have occurred in the world oil market during the past two years. But no one knows for certain what they are.

In 1979 the non-Communist world consumption level was running at about 52m barrels a day, a modest 1.4 per cent rise on the previous year. In 1980 the level dived almost 5 per cent to 49.5m b/d.

To the surprise of many in the industry, the world's ability to do away with oil had been far from exhausted for, according to stock broker James Capel's latest World Energy report, consumption has fallen a further 4 per cent this year to about 47.5m b/d. The world's demand for oil has fallen back to the levels of the mid-1970s.

The changes have been most evident in the main economic centres of the world. In the three years 1979-81, for instance, the average fall in non-Communist world oil consumption was around 8.6 per cent whereas in the U.S. it was almost 11 per cent, in Europe 14 per cent, and in Japan about 14.5 per cent.

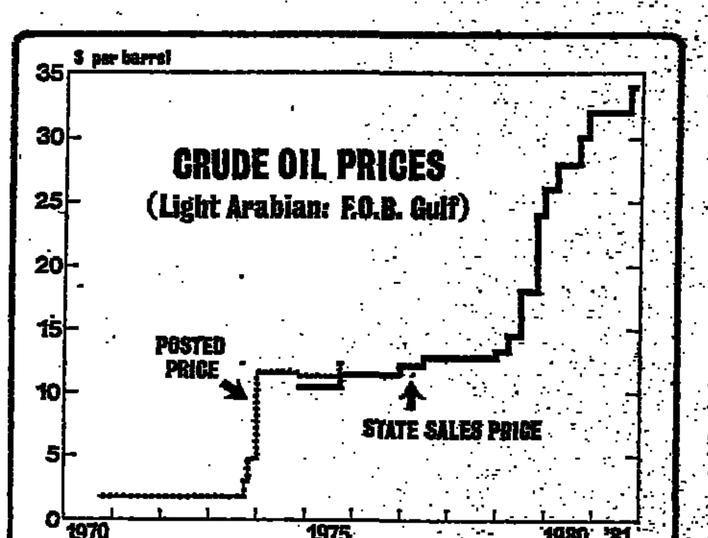
These trends provide some clues to what many analysts feel are structural changes taking place in the energy market in general, and the oil sector in particular.

Backwash

Oil producers and refiners have felt the backwash of the worldwide economic recession which has arisen largely (or, at least been made worse) by the big oil price rises of 1979 and 1980. Between January 1979 and November 1980 the reference price of Arab Light crude oil rose from $13.34 to $32 a barrel—an increase of 140 per cent. The chemical industry, a major user of oil for both fuel and feedstock purposes, has been particularly badly hit by the recession.

That is only part of the picture. Studies by the International Energy Agency in Paris show that within member countries—virtually all of those within the Organisation for Economic Co-operation and Development (OECD)—energy use per unit of Gross Domestic Product declined by almost 13 per cent between 1973 and 1980. Over the same period oil use dropped by about 20 per cent when assessed on a comparable basis.

Dr Herman Franssen, the IEA's chief economist, told a conference in London two months ago that he thought that between one third and a half of the drop in oil demand in the past couple of years had been caused by cyclical forces — in essence economic conditions and transitory resistance by consumers to higher prices.



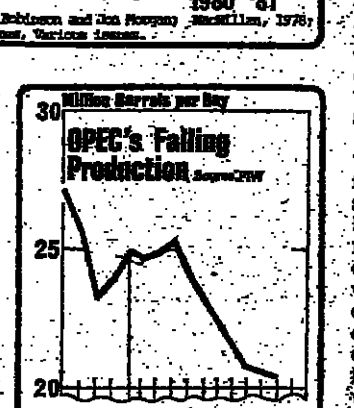
SOURCES: "North Sea Oil In The Future", Colin Robinson and Jon Morgan, MacMillan, 1978; Petroleum Economist and Financial Times, Various issues.

On this assumption, more than half of the fall in oil consumption has arisen as a result of a more fundamental structural change in energy use, one which will cause the oil industry to review its growth prospects.

Higher fuel prices undoubtedly have stimulated greater conservation effort. Indeed, the UK Government has based its conservation policies on the assumption that pricing signals — together with information — should be sufficient incentive for savings. The change in relationship between GDP and energy usage shows that conservation is helping to depress oil demand although many analysts feel that much more could be accomplished given fiscal incentives such as grants and loans.

This is a point made by the IEA in its latest review of energy policies within member countries. "There must be a contribution from both market forces and public policy measures," says the Agency ("Energy Policies and Programmes of IEA Countries, 1980 Review": July 1981). The same point is picked up in a report on UK policies just published by the newly-formed Association for the Conservation of Energy.

While there is scope for progressive savings, many of the steps taken by consumers have occurred as a result of "one-off" events, a point made by Dr Subroto, president of the Organisation of Petroleum Exporting Countries, at the prestigeous Oxford Energy Seminar this autumn. He gave as an example last year's drop in demand for petrol in the U.S. which had accounted for about 400,000 barrels a day of the decline in world oil consumption. Motorists had been reacting to the rise in petrol prices caused by the "one-off" event of oil price deregulation," he said.



"Enhanced fuel efficiency and conservation are essential to the orderly and secure evolution of our oil and energy future," Dr Subroto said. "But it can be misleading to jump too rapidly from aggregate data to general conclusions."

Fuel substitution — the other main component to the structural change taking place in the energy world—can also flatter to deceive. Again there are notable achievements which have contributed to depressed oil demand. In Japan, for instance, the cement industry has rapidly substituted coal for oil. The power generation industry is also altering its primary fuel balances.

Policy changes

The IEA hopes that by the end of the century oil will have been all but eliminated from electricity generation — it now accounts for almost one-fifth of the fuel used in power plants. UK oil refiners have experienced the impact of such policy changes.

Demand for fuel oil in the UK fell by 30 per cent last year, when compared with 1979. In the first half of this year fuel oil demand dropped by a further 25 per cent as against the January-July period in 1980.

One of the main reasons for the depressed fuel oil market was the electricity generating industry's switch to coal. Significantly, coal now accounts for a greater share of UK energy consumption than oil or any of the other fuels. The last time coal held the lead was in 1970.

But fuel buyers are influenced by prices. If oil again becomes less expensive than other energy sources, the drive towards other fuels will be reversed.

It is widely assumed that as time goes by supplies of conventional crude oil will be supplemented by alternative energy sources including synthetic oil made from coal. Exxon, the world's biggest energy corporation, reckons that by the year 2000 synthetic fuels (oil and gas) could be contributing about 8m b/d oil equivalent—about 7 per cent of total worldwide oil and gas supplies.

But there are already signs that companies are holding fire with their plans to develop synthetic fuels. They have become uneasy about the growth rates for energy demand, the changing balances between various fuels and—above all else—projections about [illegible] energy prices. The pr[illegible] of synthetic fuel proje[illegible] to be assured that energ[illegible] es will remain at a high [illegible] in real terms.

The decision by OPEC to unify and freeze its prices until the end of next year must [illegible] welcomed by consumers. Widely canvassed projections that oil prices will rise only slightly throughout the 1980s will also give some relief to those facing hefty fuel bills. But for co[illegible] panies and politicians c[illegible] fronted with plans for ener[illegible] development—and conservatio[illegible] —propects there is a high[illegible] marish feel to the market.

Economist Dr Robert Mabr[illegible] director of the Oxford Ener[illegible] Seminar concludes that t[illegible] present oil glut and high pric[illegible] provide the worst possible co[illegible] ditions, since they send co[illegible] tradictory signals. "A glut due to recession conceals the scarcity symptom but does n[illegible] signify the disappearance of the issue," he said.

The "glut discouraged co[illegible] servation and the necessa[illegible] investment in alternativ[illegible] energies. But high pr[illegible] es d[illegible] not offset this position because consumers feared t[illegible] the[illegible] might be tied to expensiv[illegible] alternative energy sour[illegible] when crude oil was abundant.

The "real enemy," said Mabro, was a tight market. F[illegible] casts of the inevitable decl[illegible] of oil demand in the 1[illegible] could prove as misleading as 1960s' expectations of un[illegible] ing growth in oil demand the fears in the 1970s of imp[illegible] ing scarcity.

WORLD OIL INDUSTRY III

Sue Cameron examines how the building spree of the 1970s has led to a huge, uneconomic surplus

Refiners' profits take a nosedive as demand slumps

THE LAST 18 months have not been happy ones for either the oil refining industry or the major producers of petrochemicals. Both sectors have seen their profitability plunge as a result of the recession, the world oil glut and massive overcapacity.

They have also had to face the fact that the battering they have received has been no mere short-term aberration caused by the general downturn in trading conditions. The economic problems that have beset the Western world since the spring of last year have served only to accelerate the underlying trends that already existed in the oil products and petrochemicals businesses.

The first signs of what might be called the crash—it certainly seemed like a crash to some of the companies affected at the time—came at the beginning of April last year when demand for a number of petrochemical and plastic products fell by as much as 30 per cent almost overnight. The UK-based Imperial Chemical Industries likened what happened to "falling off a cliff."

The swingeing falls in commodity chemical demand were echoed in the refining sector. The decline is sales varied from product to product and from country to country but the pattern was always the same.

The recession has clearly been responsible for a sizeable part of the drop in demand for both oil products and basic chemicals. Refiners and chemical producers can therefore comfort themselves with the thought that they will regain some of their lost volume sales once the upturn in economic activity gets under way—and there are signs that at long last this is beginning to happen.

But some of the factors that have influenced the slump in the refining and chemical sectors cannot be attributed to the recession.

For example, there is no longer the opportunity to substitute plastic materials for traditional ones—such as wood, steel and glass — that there once was. Producers of commodity plastics and of the petrochemicals they are made from, can therefore no longer hope to return to the booming growth rates they enjoyed in the 1960s.

The development of new petrochemical industries in oil-rich countries able and willing to provide producers with cheap raw materials will put further pressure on the market positions enjoyed by long-established companies in Western Europe, the U.S. and Japan. New producers in the Middle East are likely to threaten the traditional markets of the Europeans and the Japanese while the American producers can expect stiff competition from Canada and South America.

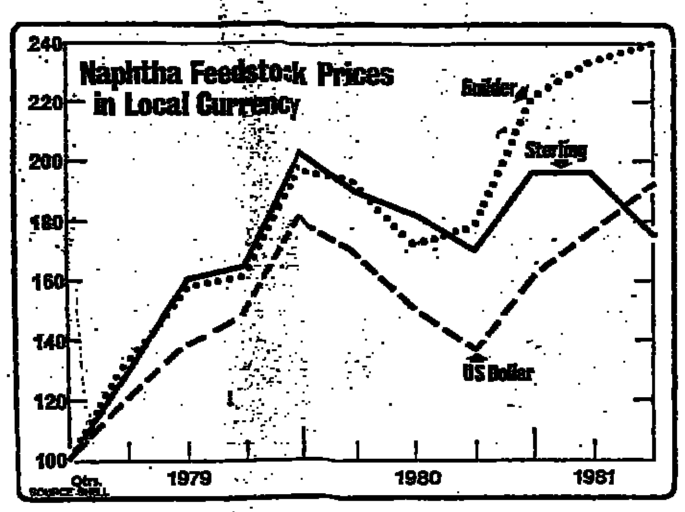
The picture is much the same —if for rather different reasons —in the refining sector. One of the reasons for the decline in demand here is energy conservation which was stepped up after the world oil crisis which followed the Iranian revolution.

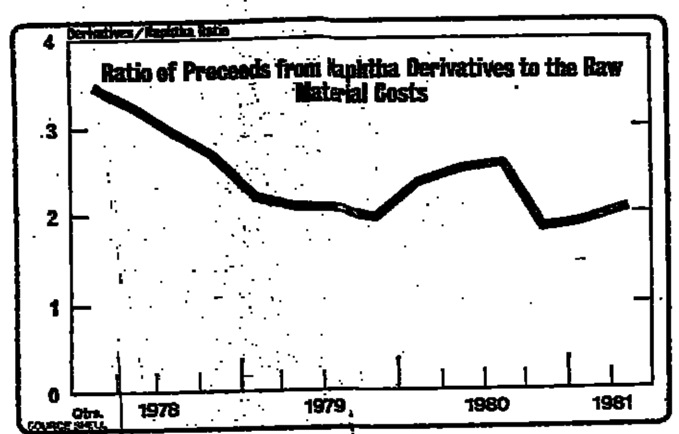
Not only have domestic and industrial oil consumers throughout the developed world been making stringent efforts to cut back on consumption, but some have also been switching to alternative fuels. In the UK, for example, there has been a big move away from heavy fuel oil to coal for generating electricity.

What is more, the fall in demand for oil products—particularly the heavier ones such as fuel oil—has been going on for some years. It can be traced back to the first major oil crisis in 1973-74.

Between 1973 and 1980 UK oil demand fell by 28 per cent. In France, during the same period, it dropped by 13 per cent and in West Germany by 10 per cent. The fall in consumption for Western Europe as a whole was 10 per cent.

The change in the shape of oil demand has been even more marked. There is less and less call for the heavy products, such as fuel oil. But industry experts believe that the underlying trend—recessions apart—is for demand for lighter products such as petrol, jet fuel and diesel to continue apace.





The U.S.-based Esso estimates that in 1973 some 46 per cent of total European oil demand was for the heavier products. Demand for middle distillate—such products as industrial heating oil—was around 28 per cent of the total while that for the lighter products such as transport fuels was 26 per cent.

But Esso believes that by 1985 only 29 per cent of total oil demand will be for heavy products. It forecasts that middle distillate will account for 35 per cent of total consumption and lighter products for 36 per cent.

As a result of the new pattern of demand, plus the overall decline in sales, refiners are having to shut down some of their older plants and improve others to obtain a higher proportion of light products from their crude oil.

Ethylene

What it all boils down to is massive overcapacity. Industry experts reckon that in Western Europe, for example, roughly one-third of total capacity will have to be shut down — the equivalent of 300m tonnes' worth.

Longstanding overcapacity is just as much a problem for the chemical and plastics industries. The European Council of Chemical Manufacturers' Federations forecasts that by 1983 Western Europe's consumption of ethylene — the so-called building block of the petrochemical industry that is used to make a whole range of things from plastics to solvents — will be down to 13.9m tonnes. Production capacity is forecast to be 17.6m tonnes.

But the closing down of surplus capacity is a painful process. It has already begun —yet both oil and chemical companies have a tendency to hope that somebody else will do the shutting down.

For more than a year now, the world oil glut—caused by Saudi Arabia's decision to maintain high crude production levels as well as by the recession—has contributed to the poor performance of the refining sector. Variations in exchange rates have also helped to reduce profitability in certain countries.

But now, at the end of 1981, there are signs that despite continuing problems, the worst is over. A number of oil and chemical companies are permitting themselves a little, cautious, optimism.

Demand in both sectors finally seems to have started to pick up. And producers of certain petrochemicals are beginning to make a push on their prices which have long been appallingly weak. Meanwhile, the Organisation of Petroleum Exporting Countries' agreement on the re-alignment of crude prices is helping to take some of the pressure off refiners—particularly those which did not have access to cheaper Saudi Arabian crude. And so is the Saudis' decision to reduce oil production to about 8.5m barrels a day.

When the Royal Dutch/Shell group announced its results for the third quarter of this year—the three months from July to September—it was able to report an 8.4 per cent rise in its earnings compared with the same period last year.

Drilling in BP's Forties Field in the North Sea. The pattern of fall in demand for oil and oil products is repeated from country to country

Martin Dickson on the heady search which is taking companies to even more difficult offshore waters

Oil exploration running at record levels

WORLDWIDE *oil exploration* is running at record levels, spelling heady times for the manufacturers and owners of onshore and offshore drilling rigs.

The latest drilling boom took off in 1979 as oil prices soared in the wake of the Iranian revolution. Since then President Reagan has given it a further boost in the U.S.—the world's busiest drilling area—by his earlier-than-*planned decontrol of oil prices* and more expansive policy on the leasing of new exploration acreage.

Hughes Tool, the major manufacturer of drilling bits, says that an average of 3,630 drilling rigs have been active on both land and at sea in non-*communist countries this year*—75 per cent more than in 1977. Of these, 3,950 are in the U.S. The company estimates that 6,390 rigs will be active next year, a 13 per cent rise on 1981. Some 4,500 of these will be in the U.S.

The industry is generally *agreed that the rate of growth* is slowing down — in part because of the current oil glut, but the overall trend is still upward.

Armco, the U.S. conglomerate which is a major supplier of oil exploration equipment, reckons tha between 7,870 and 9,280 rigs will be active worldwide by 1985. *Of these, between 4,980 and 5,880 will be in the U.S.*

The surge in demand for rigs has led to a sharp rise in hiring rates and in the construction of new equipment. The effects have been particularly dramatic in the offshore oil industry, where costs are far higher than on land.

The cost of hiring a semi-submersible drilling rig at the start of 1980 was $48,500 a day, but by the end of the year the figure had reached about $85,000 and it remains near that level.

Day rates are likely to moderate over the next few years as the supply of offshore rigs catches up with demand.

For example, a recent study by Wood Mackenzie, the UK stockbrokers, estimated that while drilling in the British *sector of the North Sea could* rise over the next few years to the same high levels as the mid-1970s, a surplus of drilling rigs was likely to develop, which should mean lower hiring rates.

The report estimated that demand for rigs in the UK and other sectors of the North Sea *would rise from 54 units in* 1980 to 66 in 1985. Potential supply, on the other hand, would increase from 57 last year to 80 in 1985, because of increased construction, and a surplus could develop as early as next year.

Leading the field in the construction *of semi-submersible rigs are the Far Eastern yards*, such as Japan's Hitachi and Mitsui and South Korea's Daewoo. European yards come some way behind, while the U.S. only has a couple of semi-subs on order.

However, the U.S. predominates in the market for jack-up rigs, with nearly 70 currently under construction in the country. Yet the Far Eastern yards are by no means out of this market, with Japan and *Korea building about 30 and* with Singapore having a similar number on its books.

Impact

"The unprecedented boom in rig construction obviously is having a highly favourable impact on shipyards and shipyard employment," says Mr Paul Kelly, vice-president for Public Affairs of Zapata Corporation, the large, Houston-based *oilfield services company*.

"It is interesting to note that of all the rigs under construction 104 are being built by shipyards that had not constructed a rig before two years ago. Another 40 rigs are being built by yards that had not been in this market prior to three years ago. *The* rig construction business has insulated many of these shipyards from the slump in merchant ship construction, and they have *adapted to the rig construction* business easily."

The total non-communist fleet of mobile offshore drilling rigs numbers about 540, of which nearly 280 are jack-ups. *Some* 238 new rigs, including 164 jack-ups, are due for completion between now and the end of 1985.

The U.S. will continue to dominate onshore drilling, where the Rocky Mountains, Arkansas-Texas-Louisiana and Oklahoma *are all currently attracting particular* attention.

Onshore and offshore exploration in the U.S. will be given a boost by the Reagan administration's national energy plan which pledges to release more federally-owned land for exploration by private energy companies. The licensing of offshore areas is also to be accelerated.

Outside the U.S. exploration activity is spread throughout the world as countries try to escape dependence on oil from Organisation of Petroleum Exporting Countries or, indeed, from any external source, thus relieving a major burden on the *balance of payments*.

Significant finds have been made during the past year or so in the Canadian Arctic, off south-east Newfoundland, in *South America, off West Africa*, Australia and in Chinese and Indonesian waters.

The industry is trying to halt the decline of the 1970s when worldwide oil consumption exceeded the amount of new reserves discovered for the first time this century.

It will be an uphill struggle, for the industry is convinced that the world's geologically most interesting areas have already been explored and that the best fields have been discovered.

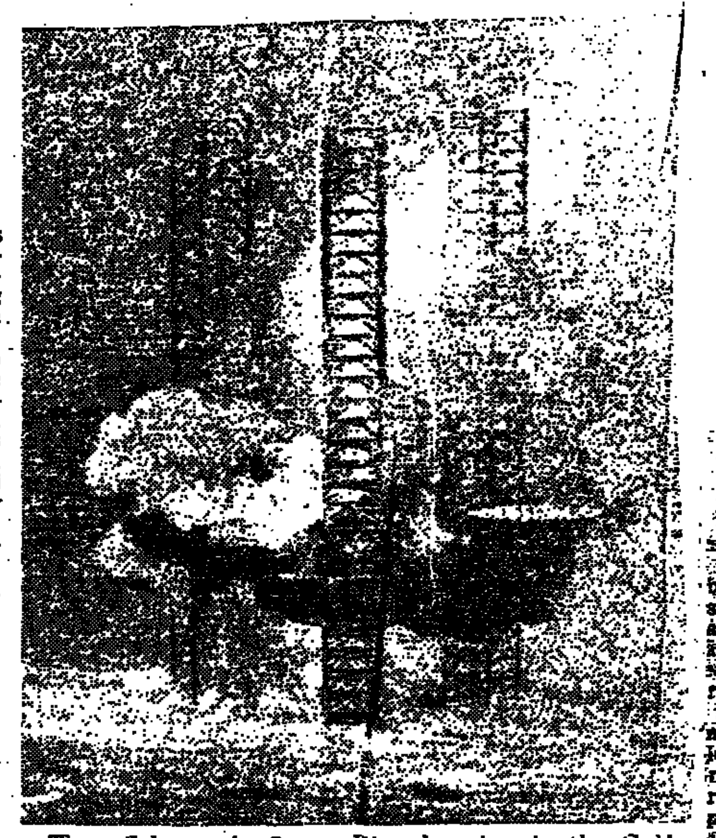
The result is that exploration is for ever pushing outward into deeper offshore waters and drilling to greater depths. These factors create new technical problems.

For example, deep drilling—*wells sunk to a depth of more* than 15,000 feet—the hot, hostile environment can create major corrosion problems, requiring the production of new specialised steels for drilling and casing. The high pressures encountered at such depths impose new heights of sophistication on the control of drilling mud—the fluids circulated down a well.

All this sharply pushes up the cost of exploration. One recent study, by Chase Manhattan Bank, estimates that capital expenditure by oil companies on exploration and production in the non-Communist world will grow from $92bn last year to $448bn in 1990.

This will represent 80 per cent of total capital expenditure by the oil industry, compared to 42 per cent of the total in 1972.

"The escalation in drilling costs is the major factor fuelling this growth," says the report. "Although total footage drilled is expected to grow at the rate of 5.6 per cent a year, the increase in cost per ft drilled ranges from 13.5 per cent per *year in some onshore locations* to 15.5 per cent per year offshore, leading to an expected average annual increase in total drilling expense of 20.3 per cent per year."



The offshore rig Ocean King burning in the Gulf of Mexico after it caught fire last year. The Gulf is the world's most mature offshore drilling area but is still attracting exploration companies

Manufacturers are expanding their capacity to meet the drilling boom.

Sharp rise in demand for equipment

AMID general recessionary gloom, some of the biggest grins in the industrial world today are being worn by companies which supply equipment to the oil exploration industry.

The oil drilling boom of the past two years has meant a sharp increase in the demand for equipment—and thousands of companies, both large and small, are reaping the benefits.

The impact on the drilling rig market is examined elsewhere in this survey. This article looks at the other supplies needed to drill a well: drill pipe and drilling bits, "mud" or drilling fluid, and steel tubing and casing. In the case of offshore exploration, the drilling rig also needs the back-up of safety vessels and supply boats ferrying equipment to and from shore.

The increase in drilling activity has been particularly dramatic in the U.S. where a tight market has developed for the tubular steel used down a well as casing (which prevents the hole from caving in) and tubing (through which the oil produced flows to the surface).

The U.S. steel industry has been caught on the hop, with insufficient capacity to meet demand. Imports have now captured more than 35 per cent of the market.

British Steel has begun exporting to the U.S. It will sell about 100,000 tonnes of welded tubing and casing there this year, as against nothing in 1980. The market is worth some £50m a year to the corporation and must be one of its more profitable lines of business.

U.S. manufacturers are beginning to expand their capacity. Armco recently announced plans for a $670m seamless tube mill, due to come into production in 1984. Mr Harry Holiday, Armco's chief executive, says this will increase the group's tubular capacity from 300,000 tonnes a year to 750,000 tonnes a year.

A worker in the pipe storage yard near Fairbanks, Alaska

"But we anticipate that even with new capacity coming on stream in the U.S. there will still be a place for imports. Demand will be that high," he says.

Armco estimates that imports could still be supplying 30 per cent of the U.S. market by 1985. Demand for tubulars worldwide in that year is put at 11m tonnes, with the U.S. accounting for 7.4m tonnes of the total.

Upsurge

Mr Paul Kelly, vice-president for public affairs of Zapata Corporation, the U.S. oil services company, points out that the upsurge in drilling activity has also brought many new companies into the equipment industry.

"Two years ago 17 U.S. companies were fabricating drilling works," he says. "Today there are more than 40. Most spectacular of all is the explosion in the number of firms producing oil well pumping units. Two years ago we had only four manufacturers to choose from. Now we can shop among an estimated 190 firms."

He also points to a sharp rise in work for shipyards building offshore safety and supply vessels. The oil industry's marine transport fleet includes 1,465 large vessels, measuring 160 ft or longer, and Mr Kelly says $854m has already been committed to building a further 205 vessels of this type, which will join the offshore fleet over the next two years.

"Both foreign and domestic shipyards are nearly booked through to the end of 1982," he says. "During the past 18 months five U.S. shipyards have entered the market for service vessels for the first time and 13 additional marine service companies have entered the market to operate vessels."

Drilling mud is another area of rapid expansion. Sales are *estimated to have grown at an* annual compound rate of 22 per cent worldwide over the past five years and totalled some $2.4bn in 1980. In the U.S. growth has been even faster—28 per cent—and is expected to accelerate to as much as 32 per cent over the next few years as a result of the higher level of drilling activity generally and a trend towards deep gas drilling.

The depth of drilling is im*portant because mud costs rise* exponentially as well depth increases. Thus, for a well drilled to between 7,500 and 10,000 ft, mud costs are likely to total about $10 a ft. But for wells of 15,000 ft plus mud costs are likely to work out at $45 or more a ft.

The main beneficiaries of the mud boom will be the four big companies which dominate the sector: Magcobar, a division of Dresser Industries; Baroid, part of NL Industries; *IMCO*, a division of Halliburton; and Milchem, part of Baker International.

These companies together represent about three quarters of total world sales. However, there are numerous independents serving both local and international markets. In the UK mud companies have grown up on the back of North Sea exploration and have been expanding their horizons internationally. BW Mud, a member of the KCA International Group, began operations in 1976 and now has a turnover of $20m to $25m which it expects to double next year.

International Drilling Fluids, a subsidiary of English China Clays, is also expecting its $35m sales to grow rapidly over the next few years.

"We see the market continuing to grow for most of the 1980s at rates of up to 25 to 30 per cent a year, though levelling off towards the end of the decade," says Mr Charles MacDonald, International Drilling Fluids managing director.

But there is a question mark over the extent to which British industry generally can build on the experience gained in the North Sea to tackle the wider international oil industry supplies market. It is not easy to break through the barriers presented by the established U.S. supply companies—and UK companies have *sometimes* seemed slow to grasp the opportunities that do arise.

Mr John Raisman, the chair*man of Shell UK told a recent* meeting of British equipment suppliers that a number of companies had needed considerable prodding to take a first step into the more advanced and specialised areas that Shell/Expro needed to support its North Sea developments. "By contrast to the confident attitude of so much of American industry, they simply did not think themselves capable of meeting the *extremely high* specifications we were demanding."

But he added that this lack *of confidence had in most cases* proved totally unjustified and there was no doubt that the relative capabilities of UK companies had taken great strides in recent years.

"I believe that the continuing development of our country's offshore resources can help in the process of recapturing the reputation for quality that British industry once enjoyed," Mr Raisman says.

*The North Sea probably pro*vides the most demanding test bed in the world today and if British companies can prove themselves there it provides the best possible advertisement for their capabilities.

Martin Dickson

Ekofisk workers take a meal in the canteen at one of the field's platforms. The standard of food is high on the North Sea rigs and platforms, just one of the amenities to make life easier for men who may spend two or three weeks at a time on an isolated structure in all weathers. Right: Helicopters are the life line for North Sea operations, constantly ferrying workers and supplies so that production can be maintained as consistently as possible

Production systems prepared for very deep water

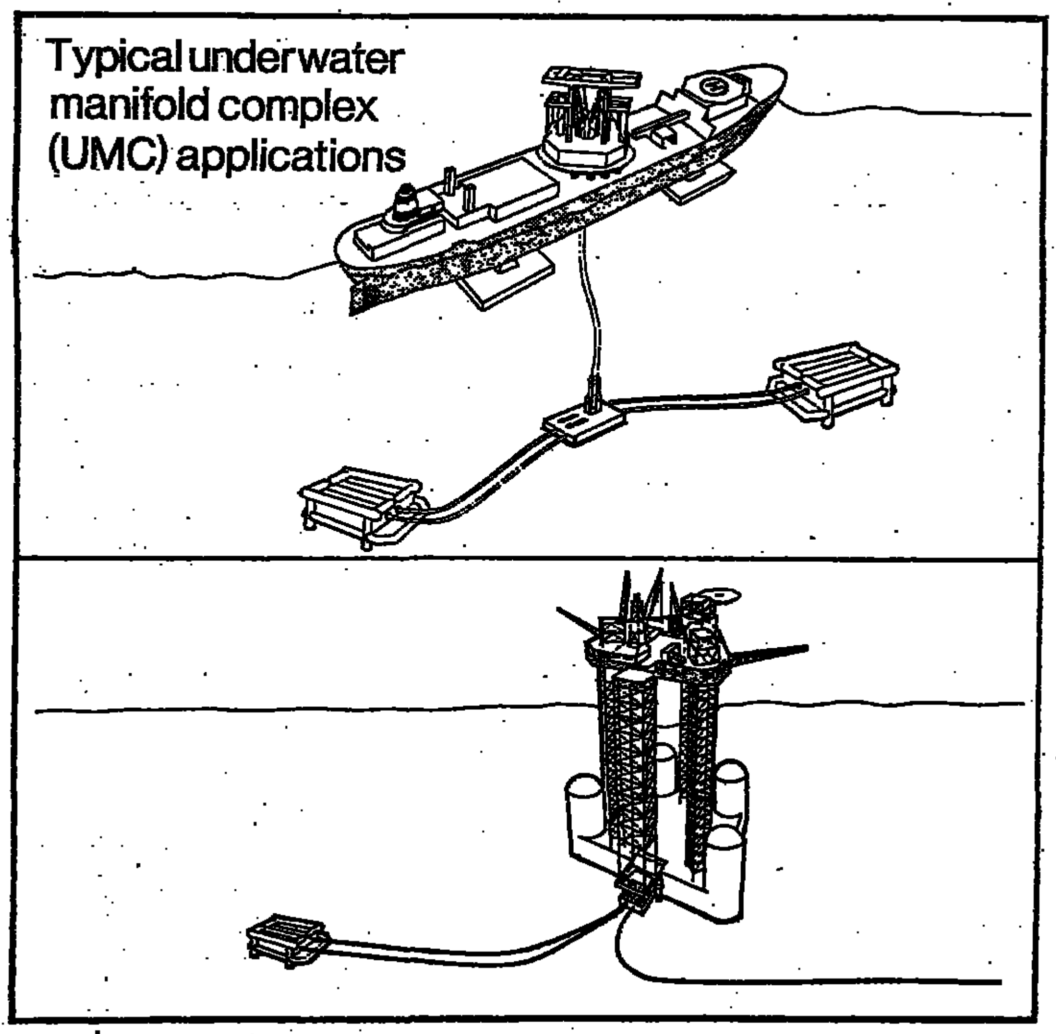
IF NECESSITY is the mother of invention, economic incentive is the midwife. Nowhere is this more true than in the offshore oil industry as it turns to more hostile environments and smaller fields to replenish its reserves.

The most obvious oil industry truism is that the large, accessible fields are tapped first. If the world's oil reserves are to be increased during this decade, technology must be developed to exploit fields that cannot justify the cost of conventional platforms.

The industry has already spawned a myriad of production concepts for deep waters, polar regions and those fields once thought to be too small to be worth developing. Many are still at the embryo stage. Others — like Conoco's tension leg platform, Exxon's guyed tower and Shell/Esso's underwater manifold centre—are alive and kicking and will soon be installed.

Earlier this month, Shell and Esso took the wraps off their underwater manifold centre, to be installed next year on the Central Cormorant field in the North Sea. It has been described by its owners as the world's most advanced underwater oil production system.

The manifold, says Shell, functions like a "mini-Clapham Junction," through which oil from nine sophisticated subsea wells is routed before being sent by pipeline to the South Cormorant platform. The structure is designed to operate safely without human intervention and with a minimum of maintenance. Its total cost is expected to be £365m.



Shell could have developed the field, in 490 feet of water, with a conventional platform at roughly the same cost. But it decided to use the manifold centre to acquire technology that will come into its own in extreme water depths. The Central Cormorant manifold is built to operate in up to 2,000 feet of water. Without major design changes, it could function in water depths of up to 4,000 feet.

A number of other companies are using innovative technology in water depths where conventional platforms would have sufficed. Their common objective is to prove the reliability of their systems before venturing into deep water.

Elf, for example, is to use an unmanned articulated column on the Norwegian North East Frigg gas field, in just 340 feet of water. It it operates successfully, the column could be adapted for water depths of 3 or 1,000 feet.

Another concept that is moving off the drawing board is the tension leg platform—a floating unit which is anchored to the seabed by tensioned mooring lines. Its advantages over orthodox floating platforms is that heave, pitch and roll motions are largely suppressed. A number of oil companies have been working separately on their own variations of the tension leg. Conoco's, to be placed on the Hutton field in 1983, will be the first in production.

The technology behind the fixed steel platform has not been standing still. These platforms—which have dominated the production of offshore oil and gas—still cannot be dismissed as obsolete for deep-water development. Subtle changes in design, often to simplify nature, have permitted their use in waters over 1,000 ft deep.

Earlier this year, Union Oil installed the 26,000-tonne steel jacket for its Cerveza field in the Gulf of Mexico. Standing in 935 feet of water, the packet is the tallest ever installed in one piece. The tallest yet built stands in 1,026 feet of water on Shell's Cognac field, also in the Gulf of Mexico. It was installed in three sections over a two-year period.

Expensive

Platforms for the harsher environment of the North Sea need sturdier jackets and more steel—and consequently are more expensive. Shell's North Cormorant jacket is just over half the height of Cerveza but is only fractionally lighter.

Nevertheless, the innovations introduced by Shell on North Cormorant are set to breed a new range of platforms that are cost-effective for small fields in the northern North Sea. Lower topside weight—one-third less than anything of comparable capacity in the North Sea—and a slimline jacket cut £160m from the North Cormorant bill.

But, unfortunately, the relationship between the cost of conventional platforms and water depth is exponential rather than linear. In the North Sea, the economics of fixed platforms in waters over 600 feet deep become precarious. BP's Magnus platform, to be installed in 610 feet of water, is likely to set a North Sea record that will go uncontested.

However, the same restrictions do not apply to a variety of the fixed steel platform known as the guyed tower. The first guyed tower will be placed on Exxon's Lena field in the Gulf of Mexico. It will stand in 1,000 feet of water.

The tower is a slender steel structure piled to the seabed in the same manner as conventional platforms. Stability is provided by radiating guylines, which allow the platform to move slightly in response to wind and wave forces. Because the angle of tilt is kept low, production wells can be completed on the deck of the platform.

Once a fairly rigid structural link between the seabed and the platform is broken, it becomes necessary to complete wells on the ocean floor. The subsea completion, which involves placing the well control mechanisms directly on the subsea wellhead, is an integral part of many deep-water production systems.

More than 200 wells worldwide have now been completed subsea, to provide a cost-effective means of draining marginal oil or to hasten the build-up of production from a field.

Valuable early production was obtained on Conoco's Murchison field, for example, by producing subsea wells before the platform wells could be commissioned. A semi-submersible or jack-up rig can be hooked up to the wells to form an early production system, and removed once a permanent platform is installed. This type of early development was used on Norway's Ekofisk field, Spain's Casablanca field, and will be used off the Ivory Coast, on the Espoir field.

Of course, if the field is too small to justify a large, permanent platform, a floating rig can be kept on station until all the oil is depleted. The Buchan and Argyll fields in the North Sea are both being developed with semi-submersibles moored above relatively simple subsea systems.

The subsea business has been dominated by American companies and their subsidiaries. Most prominent are Cameron Iron Works, Vetco, McEvoy, National Supply, Regan Hughes and FMC.

Exhorting British companies to challenge that position, Shell UK Expro is engineering director Mr Peter Tapper recently attempted to dispel the mystique of subsea production units: "It may look complicated and ominous, but it's nothing but a bunch of valves, with a bit of bent piping round the back and a few hydraulic rams."

Unfortunately, the subsea market is not a simple affair. Although the future of subsea development seems secure, the market has not grown as fast as the manufacturers had expected.

The boom year of 1979, when 43 subsea well systems—so-called "Christmas trees"—were delivered, was followed by a lean 1980. In European water, the market looks equally thin this year. "We are always expecting the market to suddenly take off," says one major supplier, "but it never seems to happen."

Nor is it easy to predict what type of systems the oil companies actually want. Despite the cash injected into high-technology subsea equipment by companies like Shell, many operators have turned again to simpler and easy-to-operate units.

James Joseph

Volatile and high interest rates have upset the market, with major oil companies changing hands, as **Paul Betts** reports

Takeover fever grips U.S. as institutions sell out

THIS HAS been the year of the Great American Oil Auction. Takeover fever has gripped the U.S. energy sector with an unprecedented number of megadollar takeovers or mergers involving some of the best known names in the industry.

St. Joe Minerals went to Fluor. Conoco, the country's ninth-largest oil company, went to Du Pont after a fierce battle with Mobil and Seagram. Texasgulf was sold to Elf Aquitaine of France. Santa Fe International has agreed to be acquired by the Government-owned Kuwait Petroleum Corporation in what is the largest single investment to date by an Arab oil-producing nation in the U.S.

There are no signs that this remarkable merger wave is abating. Only a few weeks ago, Mobil went on the prowl again and put in an initial $5bn bid for Marathon Oil, the country's 17th-largest oil producer. And Marathon is now squarely in the middle of a new takeover battle of colossal proportions. U.S. Steel has just agreed to buy Marathon for $6.6bn, topping Mobil's earlier bid. But this is unlikely to be the end of the Marathon story. Others are expected to enter the bidding fray as they did for Conoco this summer.

The reasons for this auction are many. But perhaps the single biggest factor has been the massive sell-out by institutional investors of oil stocks. Volatile and high U.S. interest rates, prospects of an extended recession both in the U.S. and in other industrialised countries, and the general sluggishness of the international oil market caused by slumping demand, have prompted many investors to turn to other instruments offering higher immediate yields.

The oil stocks have suffered perhaps more than any other sector. After being market leaders barely two years ago, they have seen their value drop by as much as about 40 per cent. In turn, this has made Wall Street a cheap place to buy oil—much cheaper than exploring for new oil. It has made a number of oil companies vulnerable as takeover candidates as larger companies seek to pick up what they clearly consider are bargains.

The other attraction is that U.S. oil companies hold what are usually described as safe reserves in that there is somewhat little political risk in U.S. acreage. And for a number of majors, like Mobil or Texaco, an opportunity has opened to buy new reserves to offset the decline in their existing U.S. reserves. The interest of foreign companies is a further example of the attractiveness of U.S. oil and gas reserves.

Moreover, with the decontrol of U.S. oil prices and President Reagan's pledge to decontrol natural gas prices, these domestic reserves have taken on an enhanced value. While decontrol has encouraged a huge boom in drilling in the U.S., which is continuing despite the current downturn in the downstream market, it has made oil companies with large domestic holdings especially attractive.

Programme

Mr John McKinley, chairman of Texaco, put it this way at a recent Texaco presentation to U.S. securities analysts. The company, he said, was committed to a substantial exploration programme. "Texaco prefers to explore and find reserves rather than buy them. But we are cognisant that there is a price at which the purchase of known reserves in the ground is preferable to the risk of exploration. Thus both routes for reserve additions are receiving attention."

Texaco put in a bid for Conoco earlier this year, and is now understood to be considering bidding for another oil company.

Texaco is not alone in considering making a bid for another company. Some $40bn in new credit lines have been negotiated this year by U.S. oil companies to position themselves in the current merger craze. Some companies have negotiated these credit lines to prepare themselves to make a bid. Others, which are feeling threatened, are preparing to defend themselves.

There are other reasons why the U.S. oil industry is now at the centre of a massive auction. These include, among others, the Canadian Government's new energy policy. Canada, one of the most promising exploration plays, is now being increasingly closed by the Government to non-Canadian companies. The object of Canada's policy is to ensure that the bulk of the country's natural resources are under Canadian ownership.

As a result, many U.S. oil companies have sold or are considering selling their Canadian assets as, indeed, are some other foreign companies. Those which are deciding to hold on to their Canadian assets realise that they are unlikely to reap a big pay-off for many years, at least until Canada relaxes its current tough policies. This has put even more pressure on U.S. natural resources with companies scrambling to make up for what they lose in Canada with new reserves in the U.S., which, in any case, are currently going cheap on Wall Street.

The Conoco saga is a case in point. It all started when Dome Petroleum of Canada made a bid to acquire a 20 per cent of Conoco. Dome wanted to then swap its holding on Conoco for Conoco's majority interest in Hudson's Bay Oil and Gas of Canada. It succeeded and opened up Conoco for another hostile raid by Seagram which ended with the company being taken over by Du Pont for nearly $7bn.

Elf Aquitaine did something similar. It agreed with the Canadian Development Corporation, the largest shareholder in Texasgulf, to sell its interests in Canada and Texasgulf's Canadian assets if it helped it take over the U.S. chemicals and energy company.

There have been other—more traditional—facets to the recent merger fever. In particular, many oil companies have sought to broaden their natural resources base by acquiring assets in coal and other minerals. Standard Oil of California tried to take over Amax, the mining and metals company, but failed. Sohio bought for about $760m a large slice of U.S. Steel's coal. Other companies have made coal acquisitions in a diversification trend which suggests that oil companies are now focusing on the sort of diversification they feel most comfortable with—namely energy.

Diversify

In the past, oil companies have branched out into other sectors. But in general these have resulted in unfortunate and disappointing investments like, for example, Exxon's acquisition of the Reliance electric company in a move to diversify into electronics or Mobil's acquisition of Montgomery Ward, the U.S. retailer which is still losing money.

These mergers have also caused alarm in the country. There are fears that ownership of U.S. natural resources is becoming increasingly concentrated in fewer hands, although the U.S. oil industry is still extremely fragmented with the top 20 oil companies owning just 60.6 per cent of U.S. oil production. The mergers and bids are also seen as a major challenge to the U.S. anti-trust laws.

But the climate on anti-trust in the U.S. is changing. No longer is big necessarily seen as bad. In turn, this changed attitude has encouraged oil companies and other groups in the energy field to adopt bolder policies towards acquisition. At the same time, large companies outside the energy field have also become increasingly attracted to the price oil is now selling on Wall Street. For them, a diversification into oil is no longer a prohibitively expensive business.

A worker chips rock from the drill of a track-mounted auger, to erect steel pipeline supports, during construction of the 800-mile trans-Alaska pipeline to Prudhoe Bay. Canada's tough energy policies have put more pressure on the U.S. to tap its own resources

Enhanced recovery methods winning more oil

AT A TIME when oil consumers are taking steps to ensure that fuel is not wasted, the producers are giving their own attention to ensure that no oil is needlessly left unexploited in the ground.

A revolution is occurring in the world oil industry as slowly, very slowly, technicians are finding ways of teasing a higher proportion of the reserves in the earth into producing wells. Companies increasingly are employing enhanced recovery techniques to boost production efficiency in individual fields.

It has long been an embarrassment to the industry that under normal operating conditions it can extract on average only about one-third of the total resources in a reservoir. Two-thirds of the oil is abandoned, left trapped in the microscopic pores of the rock structure.

Enhanced recovery techniques provide a variety of keys with which to unlock some of the reservoir formations. It is a costly way of tapping otherwise unrecoverable oil but the industry is being encouraged to make the investment as a result of improving technology, the rise of fuel prices in recent years and, in certain countries, the introduction of tax incentives.

Recent development plans announced by leading oil companies show that many billions of dollars will be invested in various enhanced recovery projects over the next decade or so.

The techniques will include the introduction of heat into a reservoir (in the form of steam or a moving fireback) to reduce the viscosity of thick, stick oil. One of the biggest steaming projects has been embarked on by Shell Oil at its Belridge Field. The reserves of heavy oil were bought last year from Belridge Oil at a cost of $3.65bn, and are now being exploited under a revamped production programme costing an additional $1.1bn.

Other major thermal projects are also in hand, particularly in California, Venezuela and Canada where there are extensive reserves of heavy oil.

Another technique receiving increasing attention from the industry is the injection of carbon dioxide to reduce the interfacial tension between the droplets of trapped oil and the sides of the rock pores. Amoco is among the companies heavily involved in CO^2 projects—it has authorised projects costing $1.5bn in several of its fields which exploit the Permian Basin structure in the west Texas area of the U.S.

Nitrogen is often used in place of carbon dioxide. Chevron U.S.A. has begun a $900m nitrogen injection project in Wyoming which is expected to increase the recovery of crude oil and condensate (very light oil) from the field by 68m barrels—the equivalent of 40 per cent of the oil deposits.

Eventually, Chevron hopes to extract 68 per cent of the liquid hydrocarbons there, an achievement which if repeated throughout the oil industry, would immediately double the world's recoverable oil reserves.

Another ingenious enhanced recovery technique is the use of surface-active agents ("surfactant" chemicals in the industry's language) which work like detergents in washing oil out of the reservoir rock.

Surfactant flooding is one of the more difficult, less proven of the enhanced recovery methods. It is also one of the most expensive. But the Royal Dutch/Shell Group is prepared to invest in a $50m experiment of the process in its Seria oil-field in Brunei. Shell describes the project, code-named Roxana, as a project "larger and more complex than anything yet undertaken outside the U.S."

The reference to the U.S. is pertinent for the majority of enhanced oil recovery work has been undertaken by American oil companies in American oil fields. This is hardly surprising given that the U.S. is the home of the oil industry and the possessor of the largest number of mature fields—those reservoirs deemed to benefit most from the application of enhanced recovery techniques.

But attitudes are changing. Increasingly, oil companies are willing to use the more exotic production techniques in newer fields on the basis that the target—in terms of the amount of oil that could be recovered—is that much larger.

Companies operating in the Middle East—a relatively young oil-producing region—are studying a number of enhanced recovery projects. It may not be too long (perhaps a couple of years) before such techniques are tried in the North Sea, one of the youngest oil production areas of all.

Several companies are investigating the possibilities. As an experiment, British Petroleum is already trying out methods in its small oil fields in Nottinghamshire and Lincolnshire.

Estimates

In September, Dr Anthony Challis, the Department of Energy's chief scientist, told a conference on enhanced recovery in Bournemouth that the new techniques could increase the recovery from UK fields by perhaps 10 per cent.

Based on current estimates of UK recoverable reserves, the amount of extra oil extracted in this way might be worth some £45bn. Even a 1 per cent improvement in recovery rates would make an "enormous" impact on oil supplies, Dr Challis said.

According to Dr Marcello Colitti, vice-chairman of the Italian oil company, Agip, a total of 362bn barrels could be added to the world's proven reserves (currently estimated to be about 650bn barrels) over the next 20 years by the application of assisted recovery methods.

The extra oil would largely come from the Middle East (158bn barrels) with the rest coming from Asia, the USSR and Oceania (66bn barrels), the Americas (69bn barrels), Africa (42bn barrels) and Europe (27bn barrels).

Dr Colitti points out in a recently-published report* that it should be possible for the oil industry to push the average recovery factor to between 45 and 50 per cent of the deposits.

Not all of the oil extracted under Dr Colitti's definition of "assisted recovery methods" will be attributed to enhanced recovery. Much will come through the application of secondary recovery techniques such as the injection of gas or water to maintain reservoir pressure. These techniques are already widely applied, in the North Sea fields, for example.

The problem facing the industry—and analysts—is the definition of the various recovery methods. On paper there are three main categories: primary recovery (using natural reservoir pressures); secondary recovery (utilising gas or water injection); and enhanced or tertiary recovery.

In practice, the three are being merged. It is now quite commonplace to see oil companies using enhanced recovery techniques in the primary mode (as in the case of thermal recovery) or as secondary recovery assistance.

Consequently, it is difficult to estimate exactly the amount of oil that can be attributed to enhanced recovery techniques. My own survey of companies suggests that betwen 880,000 and 945,000 barrels a day of oil is being extracted worldwide through enhanced recovery methods. That is about the same amount of production as the total oil output of Algeria.

* *Size and Distribution of Known and Undiscovered Petroleum Resources in the World, with an Estimate of Future Exploration (Agip).*

Ray Dafter

Some of the most spectacular projects are also among the most politically sensitive, as **Martin Dickson** reports

Gas pipeline projects expected to multiply in 1980s

THE 1980s are going to be a busy decade for the world's pipeline construction companies. The international oil and gas industry is building, or planning to build, more than 50,000 miles of line in the non-communist world alone.

The biggest expansion is going to come in the field of gas. According to a survey at the start of this year by Oil and Gas Journal, the influential U.S. publication, some 36,000 miles of the pipeline planned for 1981 and beyond would carry gas, compared to 7,400 miles for crude oil and 7,700 miles for oil products.

Certainly, gas pipelines provide some of the most exciting projects under way—and some of the most sensitive from a political viewpoint.

In the North Sea, for example, the Norwegian Government has given the go-ahead this year for a major gas gathering project which will involve the building of a pipeline to the mainland across the deep and difficult Norwegian trench.

In contrast to the Norwegians, the UK Government finally decided in September to shelve its plans for a gas-gathering pipeline network in the UK sector of the North Sea The job is to be left to private enterprise, and oil companies are now examining the prospects for one or more lines

Meanwhile, a political battle over the price of Algerian natural gas has placed a question mark over the start-up time for the now complete trans-Mediterranean gas pipeline running from Algeria, through Tunisia, to Italy.

But Europe's most ambitious pipeline project—and, again, politically sensitive—is that planned to bring additional supplies of Soviet gas to the West. The 3,000-mile pipeline, running from an area south east of the Soviet Union's Yamal peninsula, is the most grandiose East-West project ever devised.

In the U.S. the proposed 4,800-mile Alaska gas pipeline, approved by Congress in 1977, is still embroiled in a complex tangle of political and financial problems. But if it does go ahead it will be one of the most expensive engineering projects ever undertaken.

But while gas pipeline construction will dominate the industry for the foreseeable future, oil lines are not insignificant. In the U.S., two major crude oil lines are planned. In the Middle East Saudi Arabia completed work this summer on a 755-mile 48-inch diameter pipeline running from East to West, linking the Saudi oilfields with the export outlet and industrial complex at Yanbu on the Red Sea.

Initial capacity is 1.85m barrels a day, and production is rapidly building up to this level. The Saudis are already considering various options for expanding this capacity—perhaps up to 3.7m b/d—through the installation of new pipeline sections.

Options

The U.S. dominates pipeline construction in a similar manner to its leading role in worldwide drilling activity. Of the 50,000 miles planned or under way worldwide, the U.S. accounts for 23,000 miles—much of it involving lines to connect gas discoveries in the lower 48 states to consumer markets.

A forecast published during the summer by Bechtel Petroleum estimated that in North America as a whole some 60,000 miles of inter-regional pipelines would be built between now and the turn of the century.

Some 11,800 miles of gas pipelines would be built this decade and a further 14,000 in the 1990s. There would be construction of 7,700 miles of coal slurry lines in the 1980s, and similar amount in the 1990s.

Crude oil and synthetic oil would account for 5,100 miles of pipeline this decade and 3,800 miles next, wtih oil products and carbon dioxide making up the balance.

The survey's overall conclusions were that gas pipeline construction would be highlighted by new lines from the Alaskan and Canadian Arctic, and new lines from the U.S. western mountain region built to serve synthetic gas conversion plants and new natural gas discoveries.

Crude oil pipeline activity, meanwhile, would decline as the consumption of oil in the U.S. stabilised, the survey said. New lines would be built to serve the Canadian Arctic and new synthetic oil plants in the Rockies. Products pipeline activity would also decrease as the consumption of petroleum products stabilised.

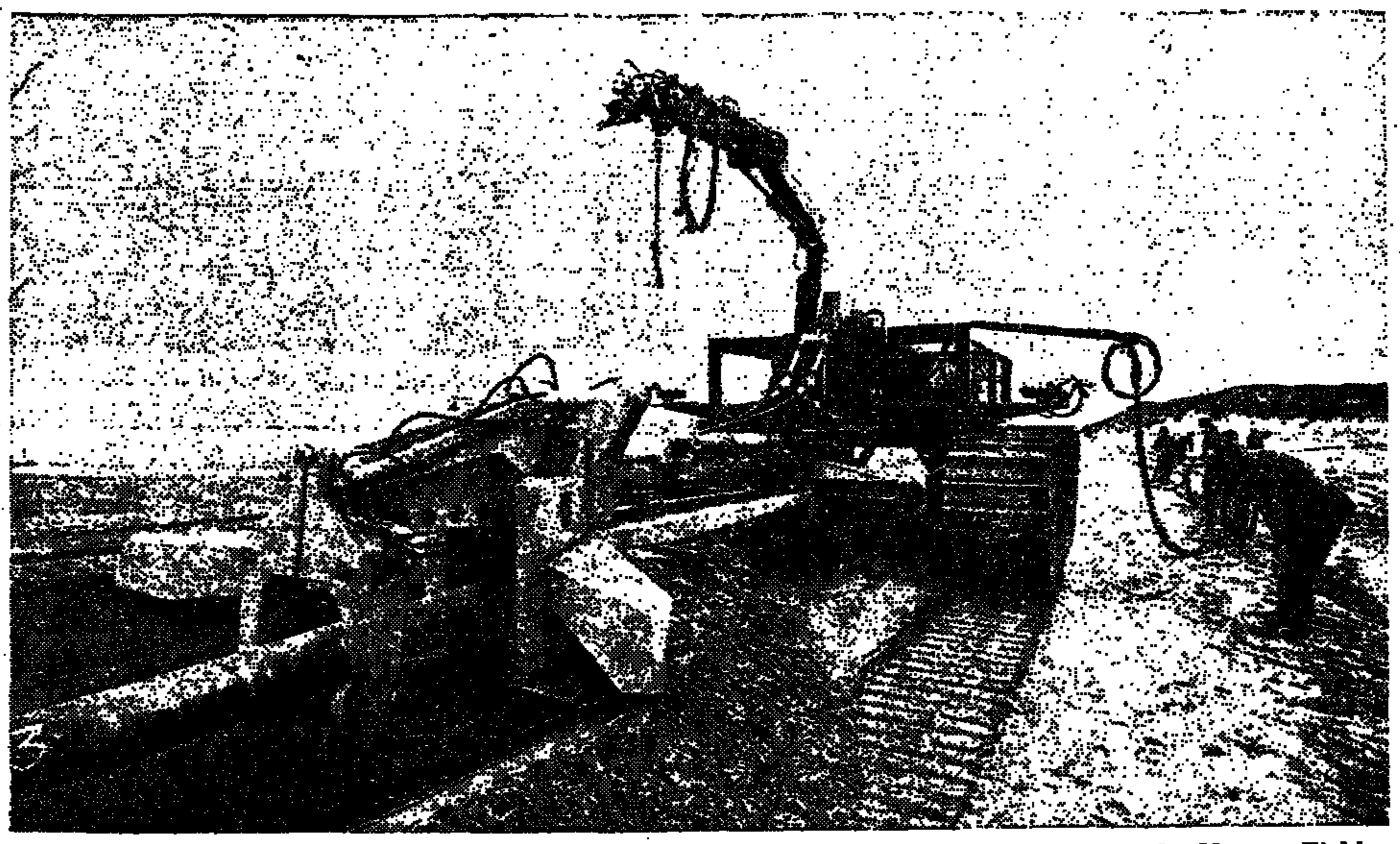
Outside North America, Europe is one of the major pipeline growth areas. The North Sea gas gathering plans, the Soviet link-up and the trans-Mediterranean line have already been mentioned. But numerous smaller projects are also under way or in the pipeline. Spain's Enagas is laying a 620-mile 26-inch gas pipeline between Barcelona and the Basque region to handle imports from Algeria.

In Latin America, Argentina's development of its oil and gas reserves means that two major pipeline projects are under way or planned—including a gas export deal with Brazil that would involve construction of 1,200 miles of line. Brazil is itself laying 280 miles of crude oil and gas line to bring offshore production to land. Mexico has a substantial number of gas projects under way.

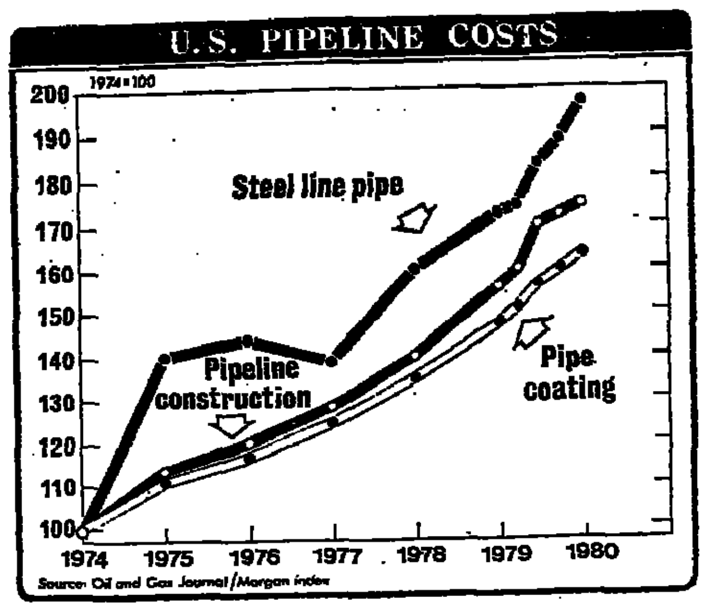
In the Middle East, pipelines planned or under construction total 11,500 miles and in Africa the figure is over 9,000. Much of the African mileage is located in Algeria, where about 4,000 miles are under construction, awaiting the green light or planned. There are also 950 miles of gas and crude lines in Nigeria at the design stage.

In Asia, major projects include Thailand's recently completed 350 mile line to bring ashore gas from its Gulf of Thailand fields.

Australia is planning over 3,900 miles of pipeline — the biggest project remaining in the North West shelf gas field development. The 940 mile, 30-inch line will run from Withnell Bay to Sagerup, about 70 miles south of Perth, carrying about 300m cu ft of gas a day from the North Rankin field. It is due for completion in 1984.



Pipe-laying vehicle to be used on the seabed by British Petroleum in the development of the Magnus Field. The industry's ingenuity is being tested by the need to lay lines in ever more challenging conditions



Sue Cameron examines an important factor in the equation of supply and demand

Spot market a powerful influence on prices

THE EXTRAORDINARY influence of the comparatively tiny oil and oil product spot market was highlighted as never before by the crisis in crude supply that followed the revolution in Iran. And since the dark days of 1979, substantial efforts have been made on a number of fronts to curb—or guard against—the power of the spot market.

The size of the spot market varies according to product and trading conditions. But it is estimated that the market accounts for—at most—just over 10 per cent of all oil and oil products sold and—at the least—just under 5 per cent.

But size gives little indication of the spot market's importance. It can, and periodically does, have a dramatic influence on long-term contract prices.

In times of shortage, spot prices soar and contract prices and official "marker" prices spiral upwards in their wake. The converse is also true. When there is a surplus, spot prices drop—sometimes to such an extent that the major oil companies find it more economical to buy spot products than to purchase through their usual, more official channels.

At the end of 1979, when the impact of the Iran revolution on world oil supplies was still being felt throughout the West, spot cargoes of crude were being sold for up to $39 and even $40 a barrel. More to the point, these prices were sometimes as much as $15 a barrel higher—37 per cent—than the official contract prices for the same types of crude.

The disparity between contract and spot prices in the oil products sector was just as startling. Naphtha, which is made from oil and is a vital raw material for making petrochemicals as well as being used in the production of petrol, provides a particularly good example.

Impact

Naphtha contract prices were between $300 and $310 a tonne at the end of 1979. But the spot price of naphtha was far higher and actually touched $400 a tonne before falling back again. But by the start of last year, the high spot price had forced naphtha contract prices up to around $375 a tonne—an increase of 25 per cent.

More recently, the impact of low spot prices can be seen in the retail price war that has been raging for months now at Britain's petrol pumps. The recession coupled with the high crude output of Saudi Arabia, has led to a glut of oil and of oil products such as petrol.

In August this year, the spot price of petrol—listed daily in Platts Oilgram along with other spot prices—plunged from $398 to only $374 a tonne. As a result, small independent petrol companies found it well worthwhile to bring in low-priced petrol from Rotterdam, the centre of the European spot market.

Garages which bought from the independents were able to undercut the major companies—Shell, Esso and BP Oil—at the pumps. This meant, in turn, that they were able to stymie the big companies' attempts to call a halt to the petrol price war, raise retail prices and so stem the losses that most of the major oil companies have been making on their refining operations throughout the year.

The spot market is highly volatile and it can be affected by a myriad of events from the weather to a refinery or a petrochemical plant being put out of action for maintenance. But there is little that either buyers or sellers—who alternately gain and suffer from its ups and downs—can do to restrain its substantial influence.

Attempts have been made. A group of major European petrochemical companies banded together and decided to publish the average, weighted, quarterly contract price they paid for their naphtha. Their aim was to introduce greater "transparency" into naphtha pricing—euphemistic jargon for trying to keep their naphtha raw material prices down by counteracting the influence of what was then a rising spot market.

Whether the naphtha price reporting scheme would have been able to reduce the power of spot prices was never discovered. The scheme was brought in just as spot naphtha prices fell and then started stabilising at unremarkable levels.

Much more successful have been efforts to insure against leaps and plunges in oil and oil product prices through the use of futures markets.

In April this year the International Petroleum Exchange opened in London trading in contracts in gas oil—used to make heating oil. It already appears to have established itself firmly and it is now planning to introduce more contracts.

Most of those using gas oil futures markets are not speculators — important though speculators are because of the liquid cash they supply—but people wanting to project themselves against damaging fluctuations in prices. Those who want to plan an annual budget, including a cost for gas oil, can order, can buy a gas oil futures contract for up to nine months ahead while at the same time ordering physical delivery of the amount of gas oil they require.

Balance

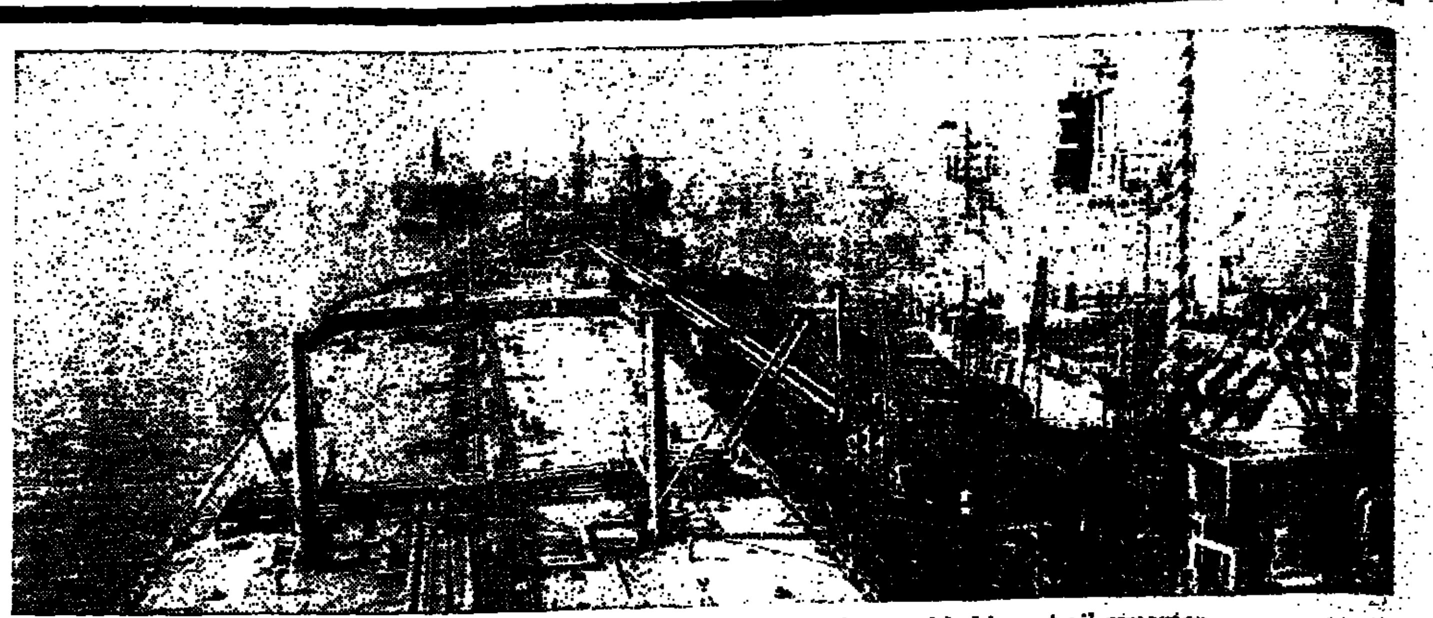
Buyers will not know the price of the product ordered on the physical market until they take delivery. But when they do, they can simultaneously sell their futures contracts and balance a gain in the physical market against a loss on their futures deal—or vice versa.

A company budgeting to pay $330 a tonne for gas oil, for example, can order the tonnage it wants in the physical market and also buy futures contracts for gas oil at $330 a tonne. Several months later, when it takes delivery of the physical product, it finds it has to pay $340 a tonne—a "loss" of $10 a tonne. But it can then sell its futures contracts for $340—so making a profit of $10 a tonne and cancelling out its loss.

The International Petroleum Exchange originally aimed to have a turnover of 500 lots a day by Christmas this year. But in the first six months of its operations, the daily average was in fact 760 lots. During the period more than 102,000 lots were traded altogether—the equivalent of 10.2m tonnes of gas oil.

The exchange is now studying the development of new futures contracts in heavy fuel oil, petrol or light distillate—a term which covers jet fuel, naphtha and kerosene. It is already committed in principle to bringing a new contract—but not for at least a year.

Meanwhile, in the U.S. there has been a substantial increase in trading in energy futures contracts—notably in heating oil contracts. Both the New York Mercantile Exchange and the Chicago Board of Trade, the largest U.S. commodity futures exchange, have been working on plans to add to the number of oil product futures contracts in which they trade.

Orders for new tankers have dwindled as companies consider scrapping or laying up vessels. Above right: tank ers wait to take on oil at Ras Tanura, Saudi Arabia, the w orlds biggest oil exporter

Tanker fleets being run down to cut redundant vessels

FOR ANYONE inclined to melancholy, the long-depressed tanker sector of the world's shipping markets provides plenty of material for gloomy contemplation.

The combination of recession and material changes in the pattern of international oil trading has left a sizeable part of the tanker fleet, especially at the larger end, surplus to present needs.

Thus much of the talk in the industry is now of scrapping or taking ships out of service to be laid-up—possibly to be sold for scrap later—or used for storage, especially in Japan.

Early in the 1970s, there seemed no end to the spree of new orders being made by tanker owners. But then came the oil crisis and hefty price rises, giving a cruel twist to a market which suddenly had to go into reverse.

Since then, new orders have slowed to a trickle, with few VLCCs (very large crude carriers) now being built in view of the low level of freight rates and the pessimistic noises being made about the next few years.

The world's tanker fleet totals about 320m deadweight tons, of which nearly 190m dwt or some 60 per cent are VLCCs or their larger sisters, ULCCs (ultra large crude carriers).

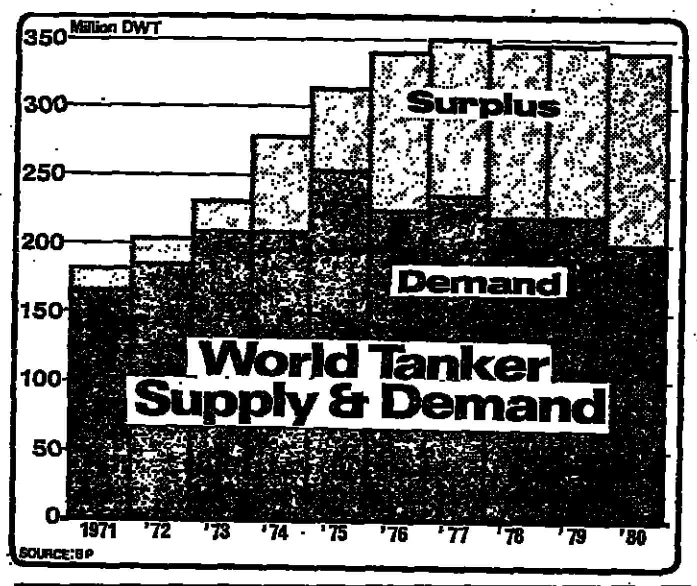
There has been no shortage of studies on the tanker market, most of them giving estimates on the size of the tonnage surplus and on how long it is likely to be before it can be eliminated.

One of the latest studies, by the International Maritime Industries Forum (IMIF), concluded that about 44 per cent of the tanker fleet, some 140m dwt, was surplus to requirements in the middle of this year.

It predicted, moreover, that this severe crisis would not show any real improvement before 1985, with oil demand staying flat until then. Apart from tankers laid-up, used for storage, or otherwise inactive, the surplus figure includes the effect of such inefficiencies as slow steaming, excess time in ports, and loading of only partial cargoes.

Of the estimated surplus, by far the greater part is in the VLCC/ULCC range. Since scrapping capacity is limited—Taiwan is the main demolition country—the prospects for a smooth rundown in the tanker fleet appear remote.

As tanker owners become more aware of the need to sell their unprofitable ships for scrap, steel prices and output have also fallen. The market has also been affected by the knowledge that more tankers will have to be sold as tough anti-pollution requirements take effect.



Workforce

One leading London firm of shipbrokers, John I. Jacobs, said in a recent review that scrapping facilities should be set up in Greece which has a large shipbuilding workforce, not currently over-employed, and where nearly 50 tankers were laid up by mid-1981.

Jacobs noted that the scrap price for a first generation VLCC—10 years old or more—had fallen to just over $4m in the middle of this year from almost $6m in January. It is generally reckoned that about 40 supertankers will be sold for scrap in 1981.

The sorry state of the tanker market was highlighted in June by both British Petroleum and Shell Tankers BV in Rotterdam, who coincidentally announced on the same day that they were planning to run down their tanker fleets.

As oil output in the Middle East has fallen and new supply areas such as Mexico, Alaska, and the North Sea have developed, the need for VLCCs has sharply diminished, with the recession making the difficulties even more acute.

Now that the Suez Canal is being deepened to let big tankers through and the new east-west pipeline is pumping oil across Saudi Arabia to the Red Sea coast, even fewer VLCCs are likely to be needed.

The result is that increasing attention has been given to the possibility of encouraging new scrapping facilities to be set up. Most of the shipbreaking facilities in northern Europe have shut down in the past decade as a result of rising wage costs and changes in the steel market.

According to the IMIF study, Taiwan has 10 berths capable in theory of scrapping 60 VLCCs a year, or up to 15m tons. South Korea has scrapping capacity of some 600,000 tons.

Other countries are involved in the scrapping business to a fairly small extent, and total capacity is put at a maximum of 19-20m dwt for all classes of ship. But IMIF said more capacity could become available if demand made it necessary.

As international regulations requiring expensive new safety and pollution equipment are ratified by more and more nations, many of the older tankers are at risk. A large number of those between 70,000 and 150,000 dwt will need a good deal of money spent on this to come into line with the new rules.

As for the VLCCs—generally defined as tankers over 175,000 or 200,000 dwt—those built between 1968 and 1972 (first generation) are most likely to be sold for scrap. "Designed in an era of relatively cheap fuel, unless steaming at a much reduced speed, they are increasingly expensive to operate," said IMIF.

Whatever the speed at which scrapping takes place in the future, investment in the tanker industry is hardly an attractive option at present. One leading shipping financier, Mr Paul Slater, head of Oceanic Finance, said recently: "The tanker market is short—desperately short—of equity, while progressively getting more and more overladen with debt."

His worry, expressed in a recent speech in Hong Kong, was that without significant rises in freight rates for the rest of the century, shipowners would not be able to run the right ships to make a proper investment return.

He also warned: "The most pernicious drug on the tanker market today is the universal attitude—shared as much by the old hands as the newcomers—that the only real profit is in dealing in the ships as a commodity rather than operating them in a healthy freight market."

But this "casino mentality" which he deplored is unlikely to be displaced by a more sober view on the basis of calm financial assessment for some time yet. Several years will have to elapse before the fleet is anywhere approaching harmony with the state of demand. For the supertanker, the rest of the 1980s are likely to be sad indeed.

Andrew Fisher

Greater need of storage for unsold oil

THE WORLDWIDE fall in demand for oil has had significant repercussions in the storage and distribution of oil. Yet the current market position has only accelerated trends towards refinery and storage rationalisation and a more efficient use of distribution facilities that has been gathering pace since the mid-1970s.

The current slump, however, means that "the point has been reached where companies engaged in oil refining will be obliged to close a significant number of refineries," according to a recent report from the EEC Commission.

EEC refineries are currently working at about 60 per cent of capacity, compared with 80 per cent in 1973, largely as a result of the recession but also because of higher prices spurring a switch to other fields as well as oil-saving measures.

The EEC Commission report urges that refineries be upgraded to concentrate on petroleum and other light products such as naphtha, but adds that such measures will not save the refining industry unless accompanied by large scale closures.

The report pointed out that the EEC has some 200m metric tonnes of surplus processing capacity and that "the greater part of the necessary adjustment, perhaps as much as 150m tonnes of it, will have to take the form of closing entire refineries."

The oil industry seems generally to be in agreement with the EEC on this. One leading oil industry executive said in London recently that Western Europe as a whole had 1bn tonnes of refining capacity "and we think we need something just above 600m, long term."

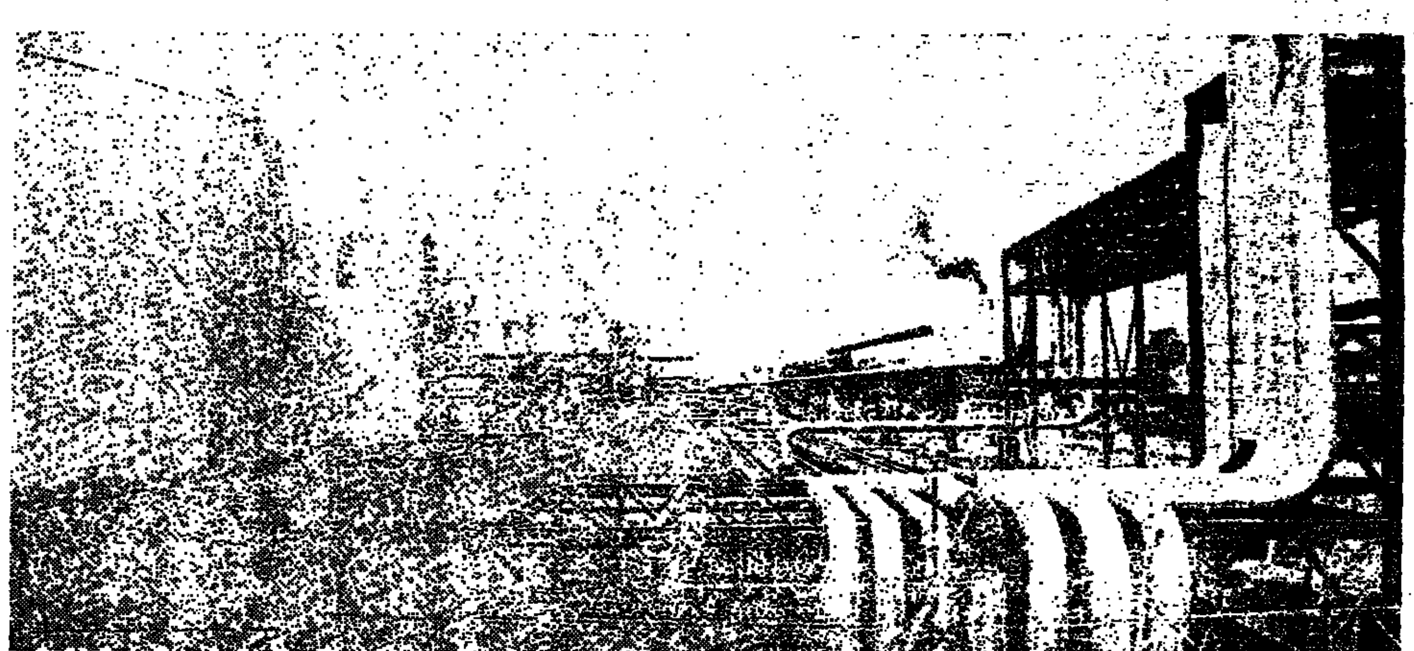
BP is already closing one large refinery in the UK and Burmah intends to close a plant. The trade unions claim that some 3,500 refinery workers have already been laid off and that a further 10,000 jobs are in jeopardy.

In West Germany as well the oil majors are examining ways of cutting their refinery capacity. West German oil companies are currently maintaining oil refining capacity of about 150m tonnes a year, which far exceeds current and forecast demand. A report by the West German subsidiary of Exxon of the U.S., which has the largest refinery capacity in West Germany, suggests that the domestic market could sink as low as 90m tonnes over the next 20 years.

Deutsche BP, which has 22m tonnes of refining capacity in five refineries (three are wholly owned and two are joint ventures, one with Elf and one with Agip) is looking to reduce capacity to only 15m-17m tonnes.

However, while companies in West Germany are contemplating closures, they are still pressing ahead with large investment programmes to install more conversion capacity for upgrading heavier oil products into light and middle distillates such as petrol and heating oil.

The EEC Commission in its report said that the trend set by companies such as BP should be encouraged, adding that the EEC budget might find money for programmes to create jobs for laid off refinery workers.



Jeddah refinery, in Saudi Arabia. Oil exporters are increasingly involved in refining crude to meet their own growing fuel needs as well as international demands

At the same time as refinery capacity is being cut because of the world slump in demand for oil, paradoxically there is increased need for storage of the glut of oil still unsold. There are several factors that have also added to this problem.

These factors include the situation whereby the more products that are obtained from a barrel of crude oil, the more storage is required to enable supply of each product to be matched to demand. In addition, the introduction of national and international requirements covering compulsory minimum stock levels has increased the demand for storage.

Reserve

In the U.S. and Japan in particular, stock levels are being built up as a strategic and economic reserve. Most European countries have been less ambitious than either the U.S. or Japan. The EEC Governments have ordered oil companies to keep 90 days' minimum stocks, calculated on the average consumption of the past 12 months. These are in addition to the working stocks needed to keep the delivery system going—oil to fill pipelines, for example, or tank bottoms. In practice, most European countries now have higher stocks than the 90-day minimum because of the slump in demand.

In the UK the problem of storage is not so acute, mainly because too many storage tanks were built in the 1970s. Mild winters coupled with changes in supply patterns—including the impact of greater offshore supplies coming on stream—has created a temporary surplus and led to higher tank utilisation in the refineries in particular.

Storage capacity has probably acutally dropped slightly over the past six years, especially for those tanks associated with the "black oils," some of which have been cleaned out and converted for other uses in the chemical industry—and even outside it.

The changing pattern of the world oil market has forced the major oil companies to re-examine their distribution networks in order to minimise costs. The traditional forms of land transport for oil—road and rail—have not escaped this scrutiny and, as is the case in the UK, there has been some rationalisation on a worldwide scale.

Rationalisation has involved the closure of terminals and distribution depots and has led to more inter-company trade. It could have been a more fundamental rationalisation if it had not been for the need to maintain a degree of flexibility in the distribution system in the face of continuing uncertainty over future market demand and supply.

Most rail traffic in the UK is between the refinery and terminal or depot using bulk trains, although some oil products are sent by rail directly to major customers using British Rail's "wagon load" system. This system involves the rail car being taken from the terminal to a marshalling yard and made up into a train with other goods for delivery.

Rail wagon hiring companies, which provide flexibility when the oil companies' own wagons cannot cope with fluctuations in oil movement, have also begun to diversify into wagon-building and maintenance to even out fluctuation in demand.

Road distribution is carried out through about 200 depots scattered throughout the UK. Apart from operating their own road depots—called "wet" depots—the oil companies also have a number of "dry" depots, which are supplied by their competitors.

Although most oil companies own the majority of the road tankers they operate, they are also increasingly using hire vehicles to take advantage of more flexible schedules of oil movements.

The vulnerability of the distribution system to industrial action has been repeatedly shown in recent years and is currently again threatened.

David Churchill

THE U.S. AND CENTRAL AMERICA

Why alarm bells are ringing

By Hugh O'Shaughnessy, Latin America Correspondent

THREE COUNTRIES of Central America, small in area and population, inconsiderable in economic resources and of limited strategic value are at the centre of an ideological battle which is getting worse by the month and is having increasing international repercussions.

The latest round of the battle will start today on the Caribbean island of St Lucia where Mr Alexander Haig, the U.S. Secretary of State, is expected to spell out to the general assembly of the Organisation of American States the U.S. attitude to the deteriorating military situation in El Salvador.

The increasing influence and assertiveness of left-wing forces in an area where Washington had hitherto relied on friendly conservative regimes have set alarm bells ringing in the Reagan Administration. The fear on Capitol Hill, and elsewhere in the American capital, is that the U.S. may eventually lose control of an important geographical crossroads in the Western Hemisphere and see a friendly Mexico—and its vital oilfields—come under threat.

No one wants to repeat the trauma of the early 1960s when

Careful to leave open the military option

the Soviet Union acquired in Cuba a useful ally on the doorstep of the U.S., but American concern has been compounded by an apparent inability to halt or reverse the left-wing forces in Nicaragua, El Salvador and Guatemala. As Mr Haig seeks an effective counter to the challenges he is careful to leave open the military option. He has let it be known that the U.S. is considering an air and naval blockade of the left-wing Sandinista Government in Nicaragua and wants to give more military and economic aid to the beleaguered right-wing governments in El Salvador and Guatemala.

The Reagan Administration is not without its domestic critics. Congress has carefully conditioned U.S. aid to the region to human rights considerations and even those Senators and Congressmen who are not in the human rights lobby are distrustful of any creeping administration involvement in a "new Vietnam." The Churches have also joined with U.S. liberals in opposing increased military aid to the Central American Right. The hawks in Washington are certainly not having it all their own way.

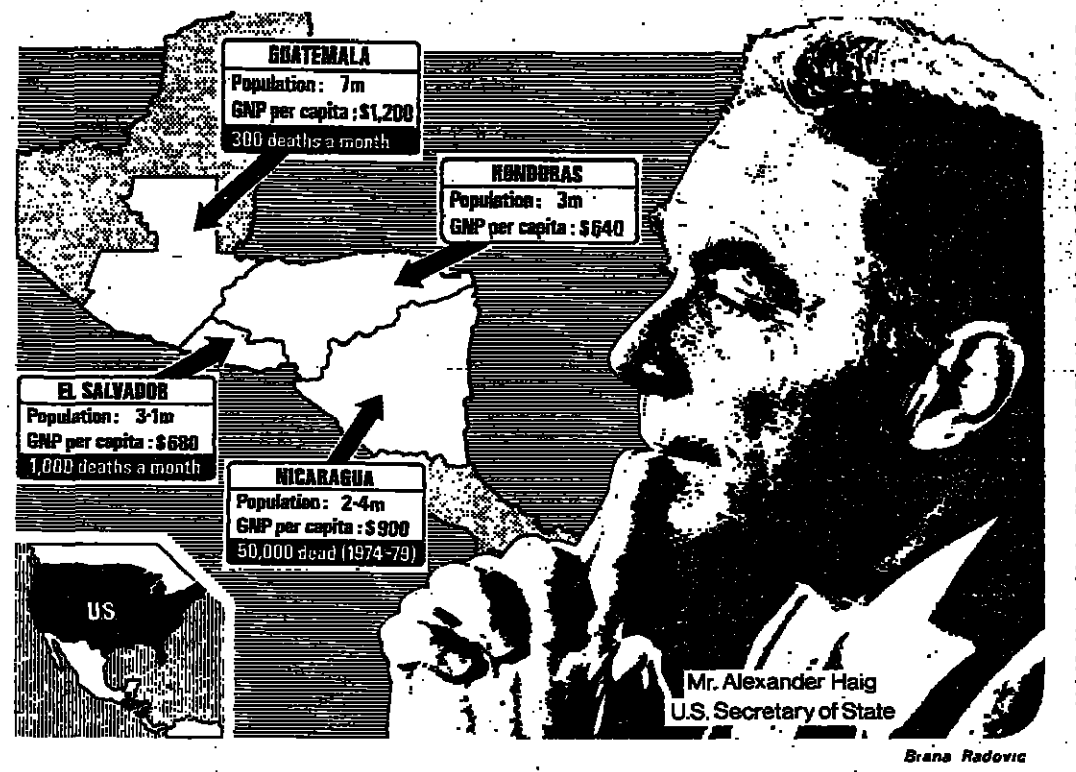
In much of Western Europe and part of Latin America there is also unhappiness with the official U.S. response to political developments in Central America. President Mitterrand in France and, more cautiously, Chancellor Schmidt in Bonn have advised Washington against military action arguing that the likely public outcry against any such move would do the western alliance no good.

Mexico, Venezuela and Brazil are among the strongest Latin American opponents to any U.S. military action. But Argentina and Chile would certainly cheer Washington on in any armed confrontation with the Central American Left and might even commit their own troops or advisers to any Western Hemispherical force which the U.S. Administration put together.

Meanwhile, on the ground, tens of thousands of people have died in fighting in the three countries in the past three years and hundreds of thousands have been displaced from their homes. Billions of pounds worth of damage has been done and not even the most optimistic observers foresee any early solution to the struggle.

Central America became front-page news in 1979 when Left-wing Sandinista guerrillas overthrew the Somoza dynasty in Nicaragua. Theirs was a broad-based victory. With a minimum of ideological baggage they were able to unite businessmen, trade unionists and church people against General Anastasio Somoza, a President who was almost universally detested.

The overthrow of the Somozas wrongfooted the Carter Administration. The founder member of the dynasty had been installed when U.S. marines were occupying Nicaragua in the early 1930s and U.S. contacts with him and his family remained close till the end. And



Mr. Alexander Haig
U.S. Secretary of State

Brana Radovic

when the Sandinistas revolutionary guerrilla junta arrived in power they were distrusted by Washington because of their past contact with Havana and with a western social democratic movement which was increasingly critical of U.S. strategies in Latin America.

Fear, distrust and ignorance multiplied on both sides during the Carter period as the Sandinistas put off immediate elections and adopted more dirigiste policies in the face of the economic problems they inherited. The fact that a very successful literacy campaign was completed last year, that Catholic churchmen were prominent in the Sandinista Government and that the reprisals taken against the supporters of the Somozas were minimal and never included the death sentence cut little ice in the State Department.

Since Mr Reagan's victory relations between the U.S. and the Sandinistas have gone from very bad to terrible. The President's advisers view the Sandinistas as thinly disguised pawns of the Soviets and the Cubans. Equally the Managua Government sees U.S. tolerance of training camps for emigre Somoza supporters in Florida as proof of Washington's resolve to obliterate the Sandinistas sooner or later.

The Nicaraguans have meanwhile tried to compensate for U.S. hostility with closer relations with Western Europe, the Soviet bloc and rich Arab countries. Political relations have been cemented with European socialists from Willy Brandt to Felipe Gonzalez of Spain. Military hardware has come from eastern Europe, advice from the Cuban forces and Libya and Iraq have given economic aid.

Relations between Washington and Managua might have stayed frigid but correct had not the Left-wing insurrection in neighbouring El Salvador not welled up strongly this year and had not a ferocious but largely unreported civil war between Left and Right in Guatemala taken on a new seriousness. Nicaragua has been blamed for aiding the Left in both places and of acting as a safe house and entrepot for arms to the Salvadorean guerrillas.

In El Salvador the Farabundo Marti Front or FMLN, a guerrilla movement which is a good deal more hardline Leninist than the often easy going Sandinista, is uneasily allied to civilian social democratic and Christian democratic groups in a war against a junta headed by another Christian democrat, President Jose Napoleon Duarte.

The FMLN controls a large part of the countryside but has been unable permanently to capture any towns. The urban population has, through fear of government reprisal or antipathy to FMLN doctrine not thrown in its lot with the guerrillas. The latter have consequently been unable to forge the sort of broadly based alliance which put paid to the Somozas in Nicaragua in 1979.

The Salvadorean economy, based on cotton and coffee and the most highly developed industrial sector in Central America, has been bleeding to death while the FMLN has been blowing up bridges and power plants and making investment an impossibility. The gross national product contracted by 8.5 per cent last year and this year the contraction will be much greater.

It is hard to judge whether President Duarte is in greater need of more arms and training for his increasingly indisciplined and demoralised army or of money to shore up his economy. Sr Duarte and Mr Reagan are putting their hopes on elections scheduled for March despite the fact that the Left has announced a boycott and the chances of holding any meaningful ballot with no census and registration amid a civil war look slim indeed.

Next door in Guatemala conditions, though less publicised, are scarcely any better. Murder and atrocity are daily occurrences. According to one senior U.S. diplomat the struggle between the fiercely right-wing Government of General Romeo Lucas and left-wing guerrillas is rapidly taking on racial characteristics. The predominantly Spanish speaking army is being resisted by the rural populations who are in the majority Indian speaking pre-Columbian peoples.

"We'll be lucky if the situation in Guatemala a year from now is not worse than that in Salvador today," a State Department official commented recently.

The Reagan Administration has been trying to coax General Lucas to moderate his policies by offering him some military supplies and promising him more if he cracks down on government atrocities and

Bankrupt without a massive Soviet subsidy

attempts to woo his opponents rather than massacre them.

With the deteriorating situations in El Salvador and Guatemala many policy makers in Washington are quick to blame the Soviet Union for all the bad news and to regard the whole region as one of the forward trenches of the East-West battle.

Many in Western Europe and in Latin America on the other hand see the situation as a backlash after years of repressive rule. They remain sceptical that the USSR, already facing political and economic problems with Comecon, or a Cuba that would be bankrupt without a massive Soviet subsidy, can afford to establish Marxist-Leninist regimes on the isthmus and support their economies against U.S. hostility once they are established.

Lombard

The North-South talking shop

By Quentin Peel

AN IMPRESSIVE line-up of politicians, technocrats and businessmen from the nations of both North and South gathered under the cut-glass chandeliers of a Vienna hotel last week to seek some answers to the conflict between soaring energy costs and the development prospects of the Third World.

In such an inappropriately opulent setting, it was perhaps predictable that no answers were forthcoming. The latest Opec-sponsored seminar proved a profoundly depressing and unenlightening experience.

The trouble with any such occasion is that each of a string of distinguished speakers (the word "distinguished" is laboured to exhaustion in the official programme) arrives with his set-piece speech, fails to listen to any of his fellow luminaries, and thus carefully avoids stimulating any effective debate on the issue.

The added difficulty with any debate between the North, the South and Opec in the current climate is that all participants are more concerned with self-justification for their existing policies than with finding common ground for a change in direction.

The oil-importing nations of the Third World put their case in Vienna eloquently, even desperately, enough. Energy imports now absorb a large slice of export earnings—whether it be 57 per cent in the case of Kenya, or 40 per cent in the case of Thailand. Chronic balance of payments deficits have been aggravated by steady deterioration in the developing countries' terms of trade, and imported inflation from the industrialised North. But efforts by the poorest nations of Africa and Asia to reduce their dependence on imported energy are doomed by their very poverty: there is simply no fat to trim.

The Opec representatives were anxious to persuade their audience of two things: that the economic plight of the poorest nations is not the fault of Opec, but of the whole World Economic Order; and that the oil-exporters have nonetheless proved adequate, even generous, in their loans and aid to the other countries of the South. Above all, they were determined to be seen as members of the South, both politically and even economically.

As for the industrialised nations, they naturally put the emphasis back on the soaring price of energy. They also made the point that prospects of a significant increase in their aid flows were "meagre," in the words of Count Lambsdorff, West Germany's Economics Minister.

Yet while all the speakers were bogged down in apportioning blame for the plight of the Third World, and in defending their own record in tackling it, few even mentioned the practical problems needing resolution.

Proposed solutions were limited to general exhortations, whether for a "massive transfer of wealth" from North to South, for the rapid transfer of technology, or for more South-South trade and co-operation, and more direct investment by Opec nations in the oil-importing LDCs.

In spite of Opec's modest aid record, the Third World speakers were slow to criticise although they are naturally envious of Opec's success.

Opec's keenly-awaited long-term strategy, which would include special assistance for the poorest nations in a package with steadily rising real prices of oil, appears to be no nearer finality. Sheikh Yamani assured his audience that it was still being studied, and would eventually emerge, in time for the intended global negotiations on the New International Economic Order.

Perhaps the only man to put forward some practical proposals was a Nigerian—significantly the Opec member with the greatest development problems of its own. He suggested that the Third World must abandon hopes of emulating the life-style of the West, and concentrate rather on building smaller communities, developing small scale renewable energy sources, and small-scale import substitution industries based on appropriate technology.

Undoubtedly the Third World was hoping for more. But the poorest nations are still caught in an arid debate between Opec and the North about apportioning blame for their current problems.

Letters to the Editor

The true role of Mars Bars as units of currency

From Mr W. Dickson

Sir,—We were naturally delighted to see the correspondence that Nicholas Colchester's article (November 24) has generated in your columns. We like to think that the reason why the Mars Bar is such an excellent economic indicator is our determination to give good value for money to our consumers over a long period of time.

Memories of the size of the Mars Bar are often affected by nostalgia. In fact, the weight of the bar has varied over time but only within a relatively narrow range, around 60 grammes, and the weight of the Mars Bar today is the same as when it was introduced.

One point that your correspondents may find interesting is the close relationship between this country finally departing from the gold standard in 1931 and the introduction of the Mars Bar in 1932. This was hardly a chance occurrence. One can only express surprise that the true role of the Mars Bar as an unchanging unit of currency has not been recognised before our approaching Golden Jubilee.

Walter Dickson,
(Managing director of the Mars Bar Exchange).
As from Mars, Dundee Road,
Slough, Berks.

Monitoring the SDP's popularity

From the Secretary-General Gallup International

Sir,—In the November 21 edition there was an article "Faint flickers of hope" written by Elinor Goodman, your Political Correspondent. The articles itself dealt with the fundamental problem of policies, personalities and popular support of the Labour Party. It was illustrated by a chart intending to indicate the phenomenal growth of the Social Democratic Party/Liberal Alliance, in which full-year results for Gallup, MORI and partial results for NOP, were presented.

"I regret having to tell you that the Gallup data you presented, although drawn from our own sources, is not appropriate to show the growth of the SDP/Liberal alliance. We were asking only as a supplementary inquiry the propensity to vote for an alliance that was not yet in existence during the earlier months but was being talked about as a probability. Our standard question, the answers to which I give, shows a coherent picture based upon combining the voting intentions of the SDP and the Liberal parties throughout."

In particular, we did not give the Alliance over 45 per cent of the popular vote before it had even come into existence or before the Social Democrats had formally established themselves.

N. L. Webb.
202 Finchley Road, NW3.

VOTING INTENTION DURING 1981—GALLUP

1981	Conservative	Labour	SDP/Lib	Other
November	26½	29	42	2½
October	29½	28	40	2½
September	32	36½	29	2½
August	28	38½	32	1
July	30	40½	26½	3
June	29½	37½	30½	2½
May	32	35½	29	3½
April	30	34½	33	2½
March	30	34	32	4
February	36	35½	26½	2
January	33	46½	18½†	2

† Liberals only. Separate figures for SDP and for Liberals have been added throughout. "Don't knows" averaging about 10 per cent have been eliminated.

Lawyers and civil procedures

From the Secretary, Professional and Public Relations, The Law Society

Sir,—It is a pity that Dr Hermann your Legal Correspondent, spoils what otherwise could be a useful article (November 26) on civil procedure by attacking lawyers and ignoring the concern which solicitors in particular have for the need to reduce delays and costs of civil litigation.

As just one example, I would have thought that Dr Hermann having written about the Law Society's President's speech to its national conference in October, might have referred to the President's remarks on this subject. In this speech he mentioned the studies being undertaken by the Law Society in the field of legal expenses insurance to assist those who, as Dr Hermann says, are ineligible for legal aid and not rich enough to afford litigation out of their own pockets.

Perhaps more important, the President suggested a comprehensive review of the whole system of civil procedure. This would include a study of various possibilities involving the structure of the courts and their administration; the control exercised by them over the progress of cases; and the system of awarding costs against unsuccessful parties. These suggestions provide at least the seeds of an answer to Dr Hermann. Moreover, they come from the profession which he castigates as being inactive through self interest.

I hope that in future, perhaps Dr Hermann will recognise that the legal profession itself is aware of the deficiencies of the system and of the fact that delay and cost is effectively depriving many people of their rights; and is as anxious as he that something be done to improve matters.

Graham Lee.
The Law Society's Hall,
113 Chancery Lane, WC2.

More than one reason to watch your diet

From Miss G. Tregoning

Sir,—As a chronic sufferer of regular and totally incapacitating migraines for 27 years, but now completely cured by having eliminated from diet over 50 foods/beverages to which I had become "allergic" (and which increased the pulse rate and therefore tension) I wonder whether persistent drowsiness during the daytime (Mr David Fishlock's article November 28) would not respond to the elimination from the diet of sufferers of all such foods?

Gaynor Tregoning (Miss).
Flat 1,
10 Bury Street,
St. James's,
SW1.

Sneaky opportunist makes a profit

From Mr C. Hannam

Sir, — I noted with interest the advertisement by Sony on November 23.

Perhaps after Sony had told us how its unofficially imported colour sets might cost us more, it might like to also explain to us how its authorised UK dealers justify such massive profit margins.

We are told on the one hand that "some unknown opportunist had sneaked a number of them out of the Continent and into this country." His base cost in so doing must be similar, if not identical, to the costs of bringing virtually the same set directly to the UK. Taxes, transport and so on do not recognise this "unknown opportunist" as being something special. Additionally, however, our opportunist travels to the Continent, returns the sets to the UK, has them converted from Secam to Pal systems, rebuilds them, tests them and distributes them. Believe it or not, after doing all that, he is still £80 cheaper than the Sony dealer.

If we assume that our opportunist puts in a couple of hours of extra work per set, and we allow him perhaps £10 a set to fetch them, we find that the authorised UK dealer requires some extra 60 per cent margins on cost over and above the profit that the opportunist and his dealer has made. Obviously, with such attractive margins to be had, our opportunist will continue to flourish

C. Hannam.
The Croft, Park Road,
Melchbourne, Beds.

Cars and trains help the traveller

From the Chairman Railway Development Society.

Sir,—The director of the British Road Federation (November 25) in reply to my earlier letter says that the private car has advantages which public transport can never match. Of course it has, but public transport also has advantages which are paramount to all those who for various reasons cannot drive.

Those of us who own or have the use of a private car should learn to use it less and so help to make public transport more viable. The full car parks at railway stations show that many motorists already prefer to "let the train take the strain."

R. V. Banks.
Savernake,
121, Ashford Road,
Bearsted, Maidstone, Kent.

All round improvement as Allied-Lyons rises £15m

ALL THREE divisions of Allied-Lyons, formerly Allied Brewerie ALL THREE divisions of Allied-Lyons, formerly Allied Breweries, reported improved results for the 28 weeks to September 19 1981. Group pre-tax profits rose from £50.5m to £65.5m and the directors forecast that results for the full year should be good. Profits for the 53 weeks of 1980-81 totalled £112.4m.

During the first half of the current year, profits from beer improved from £32.5m to £34.7m. This was despite the strike which eventually led to the closure of the group's Birmingham brewery, and the directors report that trade in the West Midlands is still recovering.

They say that results of Skol NV in the Netherlands indicate a marked improvement and progress is expected to continue. Profits of wines, spirits and soft drinks advanced by £5.4m to £22.4m, while those from foods expanded by £4.2m to £16.5m. Unallocated interest and central service costs took £8.1m (£11.3m).

Turnover for the 28 weeks rose from £1.14bn to £1.21bn and trading profits were ahead from £68.7m to £74.6m. Taxable profits included a £7.3m (£6.7m) profit on the disposal of properties and investments, share of associates £8.4m (£5.4m) and investment income of £0.9m (£1m). They were struck after lower finance charges of £25.7m (£31.3m). These reflected lower interest rates and a reduction in average borrowings over the last 12 months.

Tax absorbed £20.6m (£14.1m restated) and earnings per 25p share were up from 5.3p to 6.5p. The net interim dividend is held at 2p. Last year's total payment was 5p.

Below the line, minority profit amounted to £3.4m (£2.8m), dividends cost £12.7m (£12.6m) and £28.6m (£17.4m) was retained.

	28 wks 1981 £m	28 wks 1980 £m	53 wks 1980-81 £m
Turnover	1,206.4	1,139.1	2,267.7
Trading profit	74.6	68.7	138.3
Prop. & inv. disposals	7.3	6.7	17.3
Investment income	0.9	1.0	1.9
Associates	8.4	5.4	11.3
Finance charges	25.7	31.3	56.4
Profit before tax	65.5	50.5	112.4
Tax	20.6	*14.1	31.4
Minorities	3.4	2.8	3.7
Pref. dividend	0.2	0.2	0.4
Extraord. debits	—	3.4	25.3
Available	41.3	30.0	51.6
Ordinary div.	12.7	12.6	31.6
Retained	28.6	17.4	20.0

* Tax charge for the first half of 1980-81 has been restated as a proportion of the charge for the full year.

The balance-sheet at September 19 1981 shows fixed assets at £1bn (£994m), current assets of £728m (£696.8m) and current liabilities of £522.6m (£462.1m).

See Lex

Great Portland to raise £27m

BY MICHAEL CASSELL

Great Portland Estates, the property development and investment group headed by Mr Basil Samuel, yesterday announced a £27m rights issue to help fund its planned development programme.

Baring Brothers are underwriting the issue of 17.25m ordinary 50p shares at 162p each, on the basis of one for every six already held.

Great Portland has a planned development programme to provide about 265,000 sq ft of office and commercial floor space over the next few years. It says that negotiations are in progress which could result in the rebuilding or refurbishment of other properties.

The company last night declined to put a figure on its proposed capital programme, but it is thought that the rights issue will cover most, if not all, of the planned expenditure.

The directors have decided that the programme should largely be financed by the raising of further permanent capital, and that now was considered to be "an appropriate time" for an issue of shares.

The directors believe that the completion of the projects proposed—which include a 61,000 sq ft office block in Bishopsgate, City, and a similar-sized scheme at Mortimer Street in London's West End—will substantially increase their value and the income arising from them.

A total of eight schemes are proposed. Work on most of them is scheduled to begin next year—work is in progress on a 16,000 sq ft office and commercial scheme at Portland Place, W1.

The group owns about 2m sq ft of freehold/leasehold office, showroom and commercial space in London and the suburbs, and about 200,000 sq ft in the provinces—most of which has been newly developed or modernised over the past 15 years.

Last month, Great Portland announced net revenue before tax for the half-year to September 30 1981 of £6.07m. The directors say revenue for the second half will be broadly in line with the first six months' figure, before taking account of any income earned on the proceeds of the issue. In the immediate future, funds raised by the rights issue will be invested in short-term money markets.

Great Portland is also proposing a final dividend for the current year of 4p, making a total of 5p, a 20 per cent increase on 1980-81.

See Lex

Hanson Trust 27% up with boost from U.S.

BOOSTED by a strong performance in the U.S., Hanson Trust, the agriproduct and industrial service group, increased pre-tax profits by 27 per cent to £49.7m in the year to September 30 1981.

Earnings per 25p share are ahead 34 per cent from 23.2p to 31.2p and the final dividend is stepped up by 21 per cent to 5.75p, for a 10p (8.5p) total. A one-for-one scrip issue is also proposed.

In the U.S., Carisbrook, the specialty textiles concern, lifted profits 66 per cent to £13m (£7.8m) and Interstate contributed £6.1m, a 42 per cent improvement on last year's £4.3m. In addition good first time contributions before interest were produced by Endicott Johnson with £7.8m, and Ames with £5.2m.

Hygrade, the meat processor, also showed an advantage at £5.4m (£4.7m), but, faced with lower farm prices, Seacoast, which produces fishmeal, reported a fall in profits from £4.1m to £1.8m.

The directors report that Hanson's UK companies did well in the prevailing conditions. Butterley, which has interests in building materials, produced a profit of £5.5m (£5.8m). "A remarkable achievement in a calamitous year for housebuilding," says Sir James Hanson, chairman.

Lindustries continued to improve return on capital employed, producing good results with profit of £4.9m (£6.6m). In a difficult economic climate profit reported by Barbour Campbell (yarn and thread) was £1.9m (£3.0m), by SLD (pumps and construction equipment) £1.9m (£3.1m) and by British Agricultural Services £600,000 (£800,000).

Sir James states that with its strong balance sheet and substantial cash resources, exceeding £175m, the group's sights are set on a long and prosperous future. The board is unanimous in its assurance that the fortunes of Hanson Trust will continue to grow, he adds.

	1980-81 £m	1979-80 £m
Group sales	855.9	684.3
US indus. services	453.6	342.9
US agriproducts	213.9	222.4
UK indus. services	188.4	219.0
Trading profit	54.1	40.2
US indus. services	32.1	12.1
US agriproducts	7.2	8.8
UK indus. services	14.8	19.3
Interest and expenses*	4.4	1.1
Pre-tax profit	49.7	39.1
Tax	14.9	13.7
Net profit	34.8	25.4
Minority profit	0.8	0.5
Extraordinary credit	0.3	0.6
Available	34.3	25.5
Dividends	10.9	9.1
Retained	23.4	16.4

* Less property and other income.

At September 30, 1981, assets per share showed a 34 per cent increase from 112p to 151p and cash and deposits pushed ahead from 48p to 161p per share. On a CCA basis pre-tax profits are stated at £40.8m

See Lex

MEPC profit nears £27m: assets pass £1bn mark

BY MICHAEL CASSELL

MEPC, the UK's second-largest property group, yesterday revealed a 28 per cent rise in pre-tax profits and a 19 per cent rise in the value of its worldwide property portfolio.

The group made pre-tax profits of £26.79m to September 30 1981, against £20.99m previously. It announced that its assets were worth more than £1bn for the first time.

Gross rental income jumped by 27 per cent—including reversions and lease renewals, new development lettings and new investment property—from £56.4m to £71.5m.

An open market valuation of the group's property assets shows a net surplus of £1,132.53m on last year's £701.8m. New development and investment deals made another £61.75m for the portfolio.

MEPC has changed its revaluation policy. Instead of valuing internally for two years and then extrenally on every third year, it is instructing external valuers annually.

The increase in shareholders' funds from £484m to £646m was mainly from the revaluation of investment properties, including the surplus on developments valued for the first time following completion of construction and leasing.

Stated earnings per share rose 23 per cent from 7.5p to 9.2p fully diluted. Net assets per share rose by 30 per cent from 286p to 373p. The 87p increase was again largely accounted for by the revaluation. Developments in Australia, where the group has an active expansion programme, accounted for 25p of the rise.

Properties in the UK accounted for 40p of the rise in net asset value, with the domestic portfolio recording a 14 per cent increase in value.

The final dividend is 4.5p (4p) making 6.5p (5.75p) for the year.

MEPC has capital commitments of about £112m, with one-third in Australia and the U.S. and two-thirds in the UK and Ireland.

The bulk of the group portfolio is in the UK, with just over 15 per cent in Australia, nearly 9 per cent in the EEC (excepting the UK) and 7 per cent in the U.S.

Sir Gerald Thorley, chairman, said that the group's performance in Australia had been "particularly strong." The Sydney Exchange Centre, its largest investment in that country, was valued at nearly two-and-a-half times the 1976 estimate of completed value. Rental reviews were due to start in 1982 when a substantial increase in rental income is expected.

In the U.S., which provides 13 per cent of gross rental income, the group is committed to two major office schemes in Dallas and has bought a 50 per cent stake in 86 acres of land close to the Texas Stadium.

Since the end of the financial year, MEPC has also agreed to purchase the Waikiki Trade Centre in Honolulu. The complex has 46,000 sq ft of retail space and a 147,000 sq ft office tower. MEPC is thought to be paying nearly £22m.

See Lex

Grant Bros deficit increases

Increased pre-tax losses were shown by Grant Brothers, departmental stores, for the 26 weeks to August 1, 1981. The deficit rose from £94,704 to £246,581 after a tax charge of £2,250, against a credit last time of £88,400. Losses per ordinary 25p share were given as 22.09p, compared with 8.61p last time.

In September the directors announced that discussions were taking place which might lead to an offer being made for the company.

Central TV's special treatment for unlucky investors

FINANCIAL SUPPORTERS of Mercia Television and Midlands Television, unsuccessful applicants for the independent television franchise in the East and West Midlands, will receive "special consideration" if they apply for a shareholding in Central Independent Television, the company which won the franchise.

The details are revealed in a prospectus which has been issued offering for subscription 49 per cent of the voting and non-voting capital of Central Independent Television (formerly known as ATV Midlands). Lord Grade's Associated Communications Corporation, the entertainments conglomerate, will hold 51 per cent in Central.

Central is a new company which will commence trading on January 1, 1982. It was incorporated in April 1980 as a wholly-owned subsidiary of Associated Communications to apply for the dual franchise for the existing Independent Television channel for the East and West Midlands.

Central has a share capital, issued and to be issued of 1m voting ordinary shares of 50p each and 24m non-voting ordinary shares of 50p each. The issue price of both classes of capital will be £1 per share, giving a total capitalisation of £25m.

Applications must be in "units" comprising one voting share and 24 non-voting shares with a minimum of 10 units (£250).

Central intends to lease the existing Birmingham studios of ATV Network on a lease expiring on December 31, 1989 at an independently determined rental of £1.7m per annum subject to review in 1986. It will also have an option to buy the Birmingham studios.

Lease-back finance for studios to be built in Nottingham, as required by the Independent Broadcasting Authority has been arranged with Lombard North Central in a sum of £15m, covering the cost of purchase from Nottingham City Council of a freehold site in Lenton Lane, Nottingham for a sum of approximately £1m and construction costs estimated at £14m.

It is planned that construction of the Nottingham studios will be completed by September 30 1983. In the meantime, Central will make programmes at Elstree under the terms of an agreement entered into between the company, ATV Network and Bentray Investments, the wholly-owned property subsidiary of Associated Communications.

To enable Central to operate the new franchise, it will acquire the plant and equipment used at the Birmingham studios, together with engineering stocks, certain programme and film transmission rights and scripts and pre-operational expenses.

All of these assets, with the exception of programme transmission rights, will be acquired by Central at their valuations in the balance sheet of ATV Network on December 31 1981.

Central will acquire the right to two transmissions on ITV of completed programmes which will not have been transmitted by December 31 1981 at valuations which represent the direct cost to ATV Network.

The indirect costs attributable to such programmes, which include studio overheads, would be considerably greater than those direct costs. Stocks of uncompleted programmes will be transferred to Central at direct costs, together with an element of indirect costs.

The total amount payable to ATV Network, including the cost of acquisition of programmes, plant and equipment at the Birmingham studios, engineering stocks, investments in Independent Television News

Dividend table is on Page 21

and Independent Television Publications, film transmission rights and scripts, together with pre-operational expenses, is estimated at £20.25m.

Principally because of the obligations in respect of the Fourth Channel for a period during which no revenue will accrue from advertising on that channel, and the non-recurring costs associated with the move from Elstree to Nottingham, the board of Central can make no forecast of the profitability of Central as such profit forecasts are normally understood in a prospectus.

Budgets have, however, been prepared for internal planning purposes covering the company's operations during the period ending March 31, 1985. These show that Central is budgeted to make a loss before tax of £2m in the 15 months ending March 31, 1983 and profits before tax of £5.3m in the year to March 31, 1984 and £8.9m in the year to March 31, 1985.

The board believes that the budgets for the year ending March 31, 1985 give an indication of the potential profitability of Central after it has absorbed the impact of the Fourth Channel and has transferred programme making to the Nottingham studios.

The board of Central does not expect to declare a dividend for the 15 months ending March 31 1983. The timing and amount of dividends thereafter will be influenced principally by the level of advertising revenue from the two Independent Television channels, the company's success in containing its operating costs and the timing of completion of the transfer of production to Nottingham.

After transitional problems such as those associated with the Fourth Channel and the move to Nottingham have been overcome, Central's board intends to pursue a relatively liberal dividend policy.

Although no application is being made at this time for the share capital to be dealt in or listed on any stock exchange, it is intended that consideration will be given to such an application as soon as possible.

Subscription lists for the offer of its shares will be open at 10 am on December 15, and will close not later than 3 pm on the same day.

Preference will be given to individuals and companies resident in the dual franchise area of the East and West Midlands, with special consideration for the financial supporters of the unsuccessful applicants for the franchise.

Applications from those entitled to preferential consideration must be submitted not later than 3 pm on December 10, 1981.

The main board of Central will consist of Sir Gordon Hobday as chairman, who has been chairman of the Boots Company since 1973, and 13 directors, including two non-executive directors of Associated Communications, and two directors still to be appointed. Sir Gordon is to retire as chairman of Boots on December 31.

See Lex

Steinberg Group—Jove Investment Trust has disposed of 500,000 shares leaving holding 500,000 shares (3.83 per cent).

UK COMPANY NEWS

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied-Lyons ....int.	2	Mar 5	2	—	5
Atkins Bros. ....int.	1.35	Jan 18	1	—	4.65
Cardiff Property	1	Feb 1	1	1.6	1.8
Charter Cons. ....int.	3.75	Jan 7	3.5	—	10
James Crean	5	—	4.33	7	6.83
David Dixon ....int.	2.22	—	2.22	—	9.95
Hanson Trust	5.75	Feb 5	4.75	10	8.5
Hargreaves Gp. ......int.	1.6	Jan 28	1.6	—	2.75
Hichams ....int.	0.8	Jan 1	0.8	—	3.58
Home Brewery	5.3	—	4.5	7.3	6.5
Leeds Dyers	2.5	—	2	3.5	3
MEPC	4.5	—	4	6.5	6
Moorgate ....int.	0.3	Feb 5	0.25	—	0.9
Ocean Wilsons ....int.	0.75	Dec 29	0.75	—	2.61¶
Rexmore ....int.	0.53	Jan 20	0.5	—	1
Rowlinson Cons. ......int.	0.18	—	0.18	—	0.61
Sangers Gp. ....int.	nil	—	nil	—	1.8
Selected Mkt. Trust int.	36‡	Jan 8	37	—§	37
Sogomana ....int.	3	Jan 14	3	—	10
Tecalemit ....int.	0.8	Jan 8	1.04	—	2.08

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increases by right and/or acquisition issues. ‡ Gross throughout. § No final recommended. ¶ For 11 months.

LONDON TRADED OPTIONS

Dec. 1 Total Contracts 1,032. Calls 738 Puts 294.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	300	40	—	50	3	56	—	334p
BP (c)	320	28	20	—	—	—	—	"
BP (c)	330	—	—	30	5	40	—	"
BP (c)	350	13	50	—	—	—	—	"
BP (c)	360	—	—	19	1	—	—	"
BP (p)	300	5	—	12	1	20	3	"
BP (p)	330	12	51	—	—	—	—	"
BP (p)	350	—	—	22	6	30	—	"
BP (p)	360	—	—	28	1	—	—	"
BP (p)	380	46	1	—	—	—	—	"
CU (c)	140	8	4	11	—	16	—	156p
CU (c)	160	5	4	3	—	—	—	"
Cons. Gld (c)	500	21	5	53	1	50	—	484p
Cons. Gld (c)	550	4	—	16	2	20	—	"
Cons. Gld (p)	420	4	4	9	1	—	—	"
Ctlds. (c)	50	24	2	27	7	29	—	72p
Ctlds. (c)	60	14	74	18	1	19	—	"
Ctlds. (c)	70	6½	2	12	1	11½	10	"
Ctlds. (c)	80	3½	25	9	56	—	—	"
GEC (c)	700	40	12	117	—	140	—	781p
GEC (c)	750	30	11	75	—	97	—	"
GEC (c)	800	23	2	40	6	67	—	"
GEC (c)	850	5	10	20	1	—	—	"
GEC (p)	750	10	—	27	15	34	—	"
GEC (p)	800	37	—	45	—	52	8	"
Gr'd Met. (c)	160	26	1	32	4	36	—	183p
Gr'd Met. (c)	180	13	37	18	5	24	—	"
Gr'd Met. (c)	180	5	—	9	50	12	4	"
Gr'd Met. (p)	180	8	6	12	22	22	—	"
Gr'd Met. (p)	200	25	1	27	—	—	—	"
ICI (c)	280	20	9	30	3	40	—	290p
ICI (c)	300	10	19	19	11	28	—	"
ICI (c)	330	2	10	5	—	8	3	"
ICI (p)	280	4	1	10	—	14	6	"
ICI (p)	300	10	7	15	—	20	—	"
ICI (p)	330	17	2	26	1	28	—	"
Land Sec. (c)	288	35	2	—	—	—	—	315p
Land Sec. (c)	330	—	—	17	6	26	—	"
Mks & Sp (c)	100	30	1	34	—	37	—	127p
Mks & Sp (c)	110	21	8	25	—	28	—	"
Mks & Sp (c)	120	12	4	16	10	21	8	"
Mks & Sp (c)	130	4	—	8	—	13	—	"
Shell (c)	360	48	1	60	—	68	—	402p
Shell (c)	390	24	2	36	—	50	—	"
Shell (c)	420	10	7	20	—	30	—	"
Shell (c)	460	5	4	12	—	14	—	"
Shell (p)	420	28	11	32	1	34	8	"
		February		May		August		
Barclays (c)	460	25	—	38	4	53	10	460p
Imperial (c)	60	10½	10	11	3	12½	20	67p
Imperial (c)	70	5	93	6	17	9	—	"
Imperial (c)	80	2	5	—	—	—	—	"
Lasmo (c)	460	45	—	64	—	77	1	472p
Lasmo (c)	500	25	6	45	—	57	—	"
Lasmo (c)	600	5	—	17	—	—	—	"
Lonrho (c)	70	14	22	17	5	18	1	80p
Lonrho (c)	80	7	6	9	—	11	—	"
Lonrho (c)	100	1	20	—	—	—	—	"
Lonrho (p)	70	3	10	5	7	6½	—	"
Lonrho (p)	80	6½	4	—	—	11	—	"
Lonrho (p)	100	21	10	—	—	—	—	"
Racal (c)	420	32	3	45	1	57	—	418p
Racal (c)	460	5	5	35	2	—	—	"
Racal (p)	420	25	5	33	6	38	—	"
Racal (p)	460	45	5	53	—	—	—	"
RTZ (c)	420	55	—	97	—	112	1	464p
RTZ (c)	460	55	—	70	6	78	—	"
RTZ (c)	500	33	6	55	10	—	—	"
RTZ (c)	550	18	—	32	2	—	—	"
RTZ (c)	600	12	10	—	—	—	—	"
Vaal Rfs. (c)	60	7	32	8½	—	10½	—	65p
Vaal Rfs. (c)	70	3	15	4½	—	5½	5	"
Vaal Rfs. (p)	60	4	15	6	—	7½	—	"

C=Call P=Put

Hargreaves under £2m but economies shape up

ALTHOUGH THE level of activity at Hargreaves Group, industrial holding company, remains depressed, the economies which have been put into effect are starting to work through into profit, say the directors.

They add that there has been a considerable improvement in performance in the first half and profit from trading increased from £3.09m to £3.67m. This does not include the exceptional profits of £1.03m earned last time from the sale of a quarry.

Pre-tax profits in the six months to September 30, 1981 were slightly lower at £1.99m compared with £2.43m.

All divisions, with the exception of commercial vehicle distribution, had improved pre-tax figures. Fertiliser manufacture

The pre-tax profit was after depreciation up from £1.7m to £1.96m and interest charges down from £440,000 to £141,000. Profit from the holding company and subsidiaries was £1.57m (£1.98m). Associates profits were down from £82,000 to £19,000.

In the first half, tax took £570,000 (£420,000) and minority credits totalled £21,000 (£28,000) leaving attributable profits down from £2.04m to £1.45m.

Stated earnings per 20p share are 4.1p (5.8p) and the interim dividend is unchanged at 1.6p. The board hopes to recommend a similar final to the 1.15p paid last year.

● comment

Excluding the exceptional profit on the sale of the Skipton quarry last year, pre-tax profits of Hargreaves are up 43 per cent in the first half, and the shares advanced 7p yesterday to 42p. Most of the improvement is coming from cost cutting, notably the closure of two small fertiliser plants last year. But the industrial waste disposal business continues to grow vigorously and the grouting cement contracting side has done well. The forecast partially restored final dividend indicates the directors' confidence that profits will continue to improve — they could hardly fail to better last year's second-half collapse — and the group could make more than £2.5m in the full year. The shares look well supported by a prospective yield of 11.3 per cent.

French 'bulldog' placing

A £30M "bulldog bond" is being placed privately for Caisse Nationale des Autoroutes (CNA), the French State motorway agency. The 25-year loan stock, guaranteed by the Republic of France, is being managed by Kleinwort Benson together with Baring Brothers, County Bank, Hill Samuel, Samuel Montagu, Morgan Grenfell and S. G. Warburg.

The issue, which is the first by a French borrower in the domestic sterling market known as the bulldog sector, is being priced at 3 pm today on a yield basis.

Investors are being asked to subscribe at a margin of 1.15 per cent above the arithmetic mean of the yields of three reference gilts. These are the 14 per cent Treasury Stock 1998/2001, 13¾ per cent Treasury Stock 2000/03 and the 13½ per cent Treasury Stock 2004/08.

Had the CNA issue been priced yesterday, it would have yielded 16.47 per cent, which was 1.15 per cent above the mean of 15.32 per cent on the three reference gilts.

MIDLAND BANK STATISTICS

A total of £94.1m in new money was raised in the UK in November by the issue of marketable securities, according to statistics published by Midland Bank. This was less than half the £243.2m raised in November 1980 and well down from the £140.9m raised in the previous month.

Almost 90 per cent of the funds were raised by nine company issues, the largest being the £42.7m rights call by Northern Foods, the £14.2m placing by Pritchard Services and the £11.2m offer for sale by Exco International. Thirteen local authorities raised £10.4m by way of yearling bonds.

CASE HEAVILY OVERSUBSCRIBED

The offer for sale of 2.5m ordinary shares at 20p each in Computer and Systems Engineering was heavily oversubscribed yesterday. A further announcement giving details of the basis for allotments and the date on which dealings are expected to commence will be made shortly.

SPAIN

December 1	Price %	+ or −
Banco Bilbao	338	
Banco Central	342	
Banco Exterior	310	
Banco Hispano	330	
Banco Ind. Cat.	115	
Banco Santander	371	
Banco Urquijo	217	
Banco Vizcaya	359	
Banco Zaragoza	216	
Dragados	150	+3
Espanola Zinc	64	−1
Fecsa	67.5	−1.5
Gal. Preciados	52	−3
Hidrola	79.5	+0.3
Iberduero	57	+0.5
Petroleos	98.7	+0.3
Petroliber	86	+1
Sogefisa	40	
Telefonica	79.5	
Union Elect.	75.5	+1

Higher bonuses for some Provident Life holders

SUBSTANTIALLY higher bonus rates on its self-employed and executive pensions contracts have been declared by Provident Life Association of London. But ordinary life policyholders have unchanged bonus rates.

The company, as usual, is the first to declare its bonus rates for the year, but it makes a full review of the financial position of its life funds once every three years. The next review is due at the end of 1982.

However, the company has decided that because of the strong investment performance of the equity and property portfolios, it can lift bonus rates on these pension contracts before the three-year period is completed.

Accordingly, it is paying a special bonus of £1.75 per cent on top of its normal £3.65 per cent making a total bonus of £5.40 per cent per annum of the sum assured and attaching bonuses.

The company does warn that these special bonuses are likely to be more variable than the underlying basic bonus rate. It has decided to adopt this method of passing on the benefit of capital appreciation beyond that included in the normal reversionary bonus, rather than pay terminal bonuses, the method used by most life companies.

The rate for ordinary life contracts remains at £4.40 per cent of the sum assured and attaching bonuses, while the simple series, now closed to new entrants, has an unchanged rate of £4.95 per cent of the basic sum assured, plus 15 per cent of attaching bonuses on policies becoming claims.

The company is now effectively a member of the Winterthur Swiss Insurance company, the largest insurance group in Switzerland.

MOTOR CARS

CLUBS

RESIDENTIAL PROPERTY

COMPANY NOTICES

NICHII CO. LTD.
NOTICE TO EDR HOLDERS

Further to notice of September 1, 1981, The Chase Manhattan Bank, N.A. announce that the interim cash dividend of Yen [illegible] per share, has been converted into U.S. Dollars and amounts to US$[illegible] gross per EDR. [illegible]

THE CHASE MANHATTAN BANK, N.A.
London, as Depositary.
December, 1981.

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED

3.5% (Formerly 5%) gross) CUMULATIVE PREFERENCE SHARES OF £5 EACH

NOTICE IS HEREBY GIVEN that the Dividend for the six months ending 31st December, 1981 at 8.75p per share will be payable on 4th January 1982. [illegible]

By Order of the Board
J. D. FOX,
Secretary.
266, Bishopsgate,
London, EC2M 4QP.
1st December, 1981.

CHILEAN EXTERNAL LONG TERM DEBT LAW No. 5580
CHILEAN 4½% LOAN 1867

NOTICE IS HEREBY GIVEN that all the outstanding bonds of the above loan will be redeemed at par on 1st January 1982 from which date all interest thereon will cease. [illegible]

CHILEAN GOVERNMENT 4½% STERLING RAILWAY BONDS [illegible]

CHILEAN 5% LOAN 1905
NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 20th November 1981 [illegible]

Witness: K. F. C. Baker, Notary Public. [illegible]

LEGAL NOTICES

No. 003381 of 1981
IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BARDSEY LIMITED and in the Matter of the Companies Act 1948
NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated the 16th day of November 1981 confirming the reduction of the share premium account of the above-named Company from £1,574,075 to £776,531 was registered by the Registrar of Companies on the 20th November 1981.
Dated 27th November 1981
CLIFFORD-TURNER,
Blackfriars House,
19, New Bridge Street,
London EC4V 6BY.
Solicitors for the Company.

NOTICE OF MEETING OF CREDITORS
OFFORD YOULTEN ADVERTISING LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at Bonnington Hotel, 92 Southampton Row, London WC1V 4BH, on Tuesday, the 22nd day of December, 1981, at 10.30 o'clock in the forenoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.
Dated this 23rd day of November 1981.
By Order of the Board,
A. J. YOULTEN, Secretary.

TRAVEL

ART GALLERIES

HILL SAMUEL OVERSEAS FUND S.A.

Société Anonyme
37, rue Notre-Dame Luxembourg
R.C. Luxembourg N° B8.422

Messrs. Shareholders are hereby convened to attend the

Annual General Meeting

which will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg on the 11th of December, 1981 at 2.30 p.m. with the following agenda:

Agenda

1. Submission of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance sheet and the profit and loss statement and appropriation of the results as at September 30, 1981.
3. Discharge of the Directors and of the Statutory Auditor for the proper performance of their duties for the period ended September 30, 1981.
4. Receipt of and action on nomination for election of Directors and of the Statutory Auditor for a new statutory term.
5. Any other business.

Shareholders are advised that there is no quorum requirement and the resolutions will be passed at the simple majority of the shares present or represented at the Meeting.

Holders of bearer shares may vote at the Meeting in person by producing at the Meeting either their share certificates or a certificate of deposit which will be issued to them against deposit of their share certificates with any of the undermentioned banks seven days before the Meeting:
Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg
Hill Samuel & Co. Limited, 100, Wood Street, London EC2P 2AJ
Banque de Paris et des Pays-Bas S.A., 3, rue d'Antin, Paris
Dresdner Bank A.G., 22, Jungfernstieg, 2 Hamburg 36

Holders of bearer shares may vote at the Meeting by proxy by completing the form of proxy which will be made available to them against deposit of their share certificates as aforesaid.

Share certificates so deposited will be retained until the Meeting or any adjournment thereof has been concluded.

Holders of registered shares may vote at the Meeting either in person or by proxy by completing the form of proxy which will be sent to them.

In order to be valid all forms of proxy must reach the registered office of the company at least one day before the date of the Meeting.

By order of the Board of Directors
The Secretary

BRITANNIA GROUP OF UNIT TRUSTS LIMITED
UNIT TRUST AMALGAMATIONS
On 21st November 1981, Schlesinger Income Trust amalgamated with Britannia Extra Income Trust
Basis of Amalgamation:
1 Schlesinger Income "Distribution" Unit = 1.22076 "A" Units Britannia Extra Income Trust.
1 Schlesinger Income "Withdrawal" Unit = 0.88139 "A" Units Britannia Extra Income Trust.
Replacement certificates will be mailed to the former Unitholders of Schlesinger Income Trust by 1st January 1982.
On 25th November 1981, Schlesinger Investment Trust Units amalgamated with Britannia Unit Fund of Investment Trust Shares
Basis of Amalgamation:
1 Schlesinger Investment Trust Unit = 0.50806 "A" Units Britannia Unit Fund of Investment Trust Shares
Replacement certificates will be mailed to the former Unitholders of Schlesinger Investment Trust Units on 14th January 1982.

MAKITA ELECTRIC WORKS LTD
(CDRs)
The undersigned announces that as from 10th December 1981 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no.23 (accompanied by an "Affidavit") of the CDRs Makita Electric Works Ltd., will be payable with Dfls. [illegible] per CDR repr. 50 shs. [illegible]
AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
24th November, 1981.

THE SANKO STEAMSHIP CO., LTD.
(CDRs)
The undersigned announces that the Annual Report 1980 (for the year ended March 31st, 1981) of The Sanko Steamship Co., Ltd. is available in Luxembourg at Kredietbank S.A. Luxembourgeoise, [illegible]
AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
25th November 1981.

FORTYMEN FINANCE LIMITED
NOTICE IS HEREBY GIVEN that a Meeting of the Creditors of the above named company will be held at 3rd Floor, St. Mary Abchurch House, 123/127 Cannon Street, London, E.C.4, on Friday the 18th day of December, 1981 at 12 noon for the purposes mentioned in Sections 293, 294 and 295 of the Companies Act, 1948.
Dated this 27th day of November 1981.
By Order of the Board,
J. DREW,
Secretary.

Companies and Markets **UK COMPANY NEWS**

Tecalemit profits dive sharply: interim cut

TAXABLE PROFITS of Tecalemit, the industrial holding company with interests in servicing, lubrication and filtration systems and garage equipment, slumped from £1.25m to £593,000 for the half year to October 9 1981 on turnover lower at £25.7m, compared with £26.65m.

Current cost accounting transforms the profit to a loss of £305,000.

In view of the current economic climate the directors have decided to reduce the net interim dividend from 1.0417p to 0.5p per 25p share—a final of 1.0417p was paid for 1980-81 from pre-tax profits of £2.47m.

Trading profit for the half year came through well down at £788,000 (£1.44m). The pre-tax surplus was after interest charges of £195,000 (£192,000) and was subject to tax of £59,000 (£382,000)—the reduction in tax reflects the continuing investment in cost-saving plant and machinery.

After minority credits of £11,000 (£45,000 debit) the attributable balance emerged at £545,000 (£842,000) out of which interim dividend payments absorb £273,000 (£548,000).

The reduction in historical profits, which arose from a drop of 10 per cent in sales volume, is blamed on the political situation in France, where Fogautolube was affected by customers holding off ordering after the Presidential elections, and a low level of demand for the products of the combustion engineering division from the UK and Germany.

However, the group is continuing to invest in advanced production equipment and electronics and to seek and develop new markets—a new marketing operation has already been opened in the U.S.

● **comment**

Tecalemit's French garage equipment business, Fogautolube, normally accounts for something more than a quarter of the group's profits, so what the directors call the "Mitterrand effect" has been very damaging. Fogautolube suffered a £0.4m turnaround into loss in the first half as customers failed to order in April, May and June. Since then, demand has recovered, and orders at the recent Paris motor show were much higher than usual. The other substantial element in the 53 per cent drop in pre-tax profit was a weaker performance by the heating business; Thyssen fell into loss. The lubrication and filtration division returned to profit but the directors are not confident that profits on car filters will remain strong for the rest of the year. Despite these setbacks, Tecalemit is pressing ahead with its strategy of finding new markets for its lubrication systems and developing high value electronic machine components; capital spending is likely to reach £1.75m this year compared to £1m, although profits seem headed for another drop in the second half. The shares fell 7p to 37p yesterday, but the prospective yield, assuming the final is also cut by about a quarter, is a calm 6.3 per cent.

Recovery for Leeds Dyers

A COST reduction programme throughout Leeds and District Dyers and Finishers has produced a higher profit of £480,224 for the second half of its year ended September 30 1981 despite difficult trading conditions.

This gives a year's total of £711,050, compared with £708,841 for 1979-80.

Profit has benefited from the further improvement of liquidity, and this has encouraged the directors to recommend a final dividend of 2.5p, for a net total of 3.5p, against 3p.

Sales for the year fell from £9.1m to £7.4m, following the closure of the Dunn Riddale branch and the integration of the knitting yarn operation at Colourflex.

The directors state that while capacity is now rather better utilised in some divisions, profit margins continue unsatisfactory and the general outlook remains uncertain.

After tax £127,345 (£12,957) and extraordinary debits of £43,389 (£223,400), the net profit came out at £540,316 (£473,304). Earnings are shown at 11.3p (13.4p).

David Dixon in six months rise

A HIGH level of sales and orders helped lift pre-tax profits of **David Dixon and Son Holdings** by 31.2 per cent, from £77,000 to £101,000, for the six months to September 26 1981.

Turnover of this manufacturer of ladies' and men's hosiery, underwear and leisurewear improved from £5.2m to £6.12m. Sales were achieved despite severe competition in the textile industry, says Mr H. Turpin, chairman.

An improvement in profits is also expected in the second half, he says, due to an increased volume of sales. This is despite expectations that margins will become ever tighter because of rises in manufacturing costs, which the company is unable to pass on.

The interim dividend is maintained at 2.22p. Last year's total of 9.95p was paid from pre-tax profits of £89,000 on turnover of £10.77m.

All companies in the group are trading profitably, says Mr Turpin, and are producing at full stretch, but margins continue to be very tight.

Competition is particularly severe for ladies' tights because, says Mr Turpin, certain retailers are importing Italian merchandise at below UK manufacturing costs, with some manufacturers importing the tights themselves to sell in their own branded packs. He points out that this will jeopardise the manufacture of tights in this country.

Investment has continued in manufacturing facilities.

There was a credit for tax this time of £10,000 compared with a debit of £20,000. Profit after tax and minorities emerged at £111,000 against £54,000 previously. Ordinary dividend payments took £36,000 (£35,000). Earnings per 25p share were shown as 5.9p compared with 2.9p before.

Upsurge at Norwest Holst

A substantial improvement in workload helped first half pre-tax profits to move ahead at **Norwest Holst Holdings** from £834,000 to £1.9m to September 30 1981.

In present market conditions the directors of this civil engineering and construction group state that turnover of £87.12m compares favourably with £93.04m for the comparable period. The group is wholly owned by Dunham Mount Holdings.

In the last full year pre-tax profits were £2.04m on turnover of £181.85m.

A good level of liquidity was maintained with further improvement during the first half, the directors add.

The charge for taxation took £28,000 compared with a credit last time of £30,000. After lower minorities of £4,000 (£9,000), extraordinary debits of £85,000, against previous credits of £492,000, and preference payments of £259,000 (£310,000) retained earnings came out 47 per cent higher at £1.52m (£1.04m).

Figures for the half-year to September 30 1980 relate to the seven months ended on that date.

Atkins Brothers makes headway

GREATER OPERATING efficiency and an improved product mix are credited for the rise in profits at **Atkins Brothers (Hosiery)** for the six months to September 30 1981. The taxable result moved up from £64,890 to £151,610 on turnover marginally lower at £5.42m compared with £5.61m previously.

In the second half Mr W. G. Dawson, chairman, expects to achieve the usual higher level of trading. However he does not expect the profit rise to match that of the first half, but to be more in line with the second half last year.

In the last full year a total dividend of 4.65p was paid from pre-tax profits of £448,476 (£509,924) on turnover of £12.28m (£11.66m).

An interim dividend of 1.35p (1p) net has been declared this time. This absorbs £43,200 (£32,000) to which ACT must be added of £18,514 (£13,714).

The chairman states that while it is encouraging to report better interim results than last year, the figures do not signify an easing of the highly competitive trading conditions facing the company.

He points out that since the company has not been able to improve margins, the slight downturn in sales shows that improved profits have been brought about by greater operating efficiency at all levels.

Tax this time took £49,000 (£21,000 adjusted).

Second half lift for CPI

MORE buoyant trading in the second half of **CPI Holdings**, the Dublin-based subsidiary of Marley, produced pre-tax profits for the period of Ir£2.3m, against Ir£1.68m last time. This meant that following the first-half reduction of 22 per cent the full year figures to September 30 1981 showed a 14 per cent increase from £2.79m to £3.17m.

Sales of this manufacturer of concrete products advanced from £41.62m to £49.28m over the year. Trading profits, however, were little changed at £3.69m (£3.67m) and the increase at the pre-tax level reflected lower interest charges of £590,000 (£935,000) and a rise of £20,000 to £73,000 in associate's share.

Tax took £1.2m—a considerable rise on last year's exceptionally low figure of £0.49m. The increase arose because of reduced capital expenditure, virtually unchanged stock levels, and lower profits from the concrete manufacturing division.

Earnings per 25p share are stated down from 18.9p to 16.8p, but taking into account the company's cash flow, the Board is raising the final dividend by 0.5p to 5p for a higher total payout of 6p (5.5p) net. Payments absorb £734,000 (£669,000) leaving a retained surplus of £1.32m, against £1.63m.

The Board describes the performance as satisfactory in a very difficult year. Chadwick builders providers division increased sales and benefited from reduced interest charges and the plastics side had a satisfactory year maintaining its contribution. The concrete manufacturing activities, however, continue to experience adverse trading conditions.

On a current cost basis, pre-tax profits are reduced to £2.03m.

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2nd December, 1981

Companies and Markets

UK COMPANY NEWS

Sangers dives into loss at half way

AS previously foreshadowed by Mr G. H. J. Robinson, chairman of Sangers Group, figures for the first half to August 31, 1981 are "extremely disappointing." This pharmaceutical, photographic and optical group plunged into the red with pre-tax losses of £1.04m, compared with profits of £463,000. Turnover fell from £64.15m to £60.17m.

No interim dividend is being paid and the board says it is unlikely that circumstances will warrant the payment of a final. A single payment of 1.8p was made last year when pre-tax profits were a mere £5,000.

Mr Robinson says there are two main reasons for the losses.

The first is the continuing problems in the pharmaceutical division where, because of intense competition, it has been necessary to reduce margins to a level where it is impossible to earn an acceptable return.

The optics division, which was sold in September, earned very low returns due, in large part, to the recession. The photographics and Northern Ireland businesses continued to trade profitably, although at lower levels.

Commenting on the pharmaceuticals division's problems, he says there has been a severe reduction in that division's gross profit margin over the last three years and it is trading at about half of the previous gross profit percentage. This has reduced gross profit by about £6m in a full year.

Although improved efficiency and severe cutbacks have reduced the division's expenses by about £3m, the inevitable result, he says, has been to transform a satisfactorily profitable business into a loss-making one. However, although the loss for the two most recent half years is very similar, there are improvements in recent months. It appears, from statistics available, to have increased its market share and losses have reduced.

The company has received £5.12m from the sale of the optics division, with the balance of approximately £600,000 to be received shortly. This has strengthened the balance sheet and sharply reduced interest costs. Considerable benefit from this change will be reflected in the second-half results. Interest charges in the first half rose from £515,000 to £540,000.

The loss on the sale of the optics division of about £400,000 will be incorporated as an extraordinary item in the year-end accounts.

After tax of £13,000 (£241,000), there was a loss per 25p share of 11.22p (2.19p earnings).

On a CCA basis there was a pre-tax loss of £1.21m (£17,000 profit).

• comment

Sangers' pharmaceuticals business was said to be nearing break even in midsummer. At the time of the July AGM the shares, propped up by bid hopes, were near their peak for the year of 87p. But trading has been badly mauled by severe price competition in the wholesaling sector and last year's first half profit of £127,000 has turned into a £650,000 loss. The shares have come skidding down—accelerated in their slide by the sale of the optics division — and shed 3p yesterday to hit the year's low of 30p. The company says it has cut costs by £3m in the last 12 months, but gross profits have slumped by £6m in the same period. The group has halved its number of depots and cut back on staff, but its volume has dropped by 14 per cent in the first six months of this year. Other wholesalers are under similar pressure, but few have yet to stumble so badly. Still the optics sale has considerably strengthened the balance sheet. The market capitalisation is £2.8m against pro forma net worth of £10.3m as at February last.

Export trade helps Stocklake

EXPORT trading and financing activities at Stocklake Holdings maintained their contribution to group profits, according to Mr A. M. McKay, chairman. The taxable result was higher despite extremely difficult trading conditions, higher UK interest rates, and the strength of sterling. Pre-tax profits moved ahead from £2.99m to £3.2m for the year to March 31 1981.

Since the beginning of the current financial year sterling has weakened quite significantly which has helped the group's export business, says Mr McKay. Although world trading conditions have not improved, the group has continued to trade profitably.

After the termination of manufacturing activities in the textile division during 1980-81, a small trading operation remains, and the chairman says this should contribute to group profits in the future.

The timber marketing subsidiary, Lesty Hardwoods, made a reduced but satisfactory taxable result at £41,000 (£56,000). The Bonhill Engineering Company, which imports agricultural machinery, continued to improve and showed a small pre-tax profit of £10,000 (loss £25,000).

The steel stockholding businesses in Kenya, Malawi and Zimbabwe again traded profitably before tax at £2.49m (£2.29m). Although profits were marginally down, the Status Shoe Corporation of Canada had a satisfactory year's trading in a very competitive market, with pre-tax profits of £295,000 (£307,000).

The contribution made by the associate Northern Shipbuilding and Industrial Holdings was higher than last year at £161,000 (£26,000).

The current cost accounts show a reduction of £427,000 in pre-tax profits to £2.93m. Mr McKay feels that the current cost accounting standard has been drafted with a UK manufacturing company in mind. It takes little note of a complex group with major overseas interests.

Fixed assets of the group rose from £1.78m to £2.35m. Net current assets emerged higher at £10.93m against £9.63m previously. Shareholders funds improved from £11.64m to £13.37m. The increase in net liquid funds this time stood at £7.78m, compared with £156,000 last time.

Meeting: Winchester House, London EC2, December 21 1981 at noon.

Highams first half setback

PRE-TAX profits of Highams, textile manufacturer, fell from £302,000 to £221,000 in the half-year to October 3 1981. Turnover was also lower at £8.67m against £9.34m.

Mr W. M. Higham, the chairman, says business remained very depressed during the first half. The policy of improving liquidity has been vigorously continued, although he says this has meant significant short-time working.

The success of this policy has resulted in interest of £206,000 payable last year being replaced by net interest receipts of £48,000 this time.

The interim dividend is unchanged at 0.804p—last year's total was 3.583p from pre-tax profits of £681,000 (£1.41m). Tax for the six months took £40,000 (£157,000).

Rexmore swings back

AFTER reporting pre-tax losses of £329,000 in the corresponding period last year, and year-end losses of over £1m, Rexmore, fabric supplier and distributor, has swung back in the black. In the six months to October 2 1981, pre-tax profits were £205,000.

The pre-tax figure was struck after interest charges down from £686,000 to £404,000. The directors do not anticipate a mainstream corporation tax charge for the year.

Group turnover was down from £19.14m to £15.07m, and this includes £1.37m (£5.49m) of terminated trades—S. A. Driver and Company was sold on July 17. Continuing businesses contributed £13.7m compared with £13.65m.

The interim dividend is marginally increased from 0.5p to 0.525p net—last year's total was 1p. After dividends, retained profits emerged at £91,000 (£382,000 loss). Stated earnings per 25p share were 2p (3.25p loss).

British Benzol returns to profit in first half

ALTHOUGH the market for British Benzol Carbonising products remained volatile and depressed for the six months to September 30, 1981 the group returned to the black with pre-tax profits of £92,000, compared with a loss of £1.29m.

Sales of the group, which manufactures coke and smokeless fuel, fell back for the period from £6.65m to £4.4m.

Stated earnings per 10p share were 1p (13.7p loss) but, as forecast in October, there will again be no dividend for the year—the last payment was a final of 1p for 1979-80 which made a net total of 2p.

The directors say that increased efficiency at the plant in South Wales has reduced costs and continued attention to quality control has enabled the group to improve sales performance and its financial results.

It is pointed out that current levels of profitability are inadequate and although efforts are continuing to gain further improvement satisfactory results are not likely to be achieved until more buoyant economic conditions pertain.

The plant continues to operate at low levels and investigations are in hand to identify additional products to fill surplus capacity.

Positive cash flow in the first six months and the recent rights issue have combined to strengthen the group balance sheet and the directors look to the future with "increasing confidence."

For the year to March 31 1981 the group incurred a pre-tax loss of £2.66m on sales of £13.7m.

Rowlinson midway spurt

Trading profits of Rowlinson Constructions Group rose sharply from £44,000 to £321,000 for the six months to September 30 1981, but the net interim dividend is being maintained at 0.18125p per 10p share—a final of 0.425p was paid for 1980/81.

Mr Peter Rowlinson, chairman, says the increase in profit was due to the results from the revitalised contracts division with continued support from the group's investment portfolio income. The property development division however suffered severely from the recession.

The chairman says a return of business confidence would be required to make any substantial change in the second half—profits for the period are expected to be similar to those of the first half. In the last full year pre-tax profits were £420,516 on turnover of £10.23m.

MONTGOMERIE

Montgomerie, a subsidiary of United Biscuit (Holdings), has proposed to repay early at £1 cash per £1 stock the 7 per cent unsecured loan stock 1983-85.

Moss Engineering's accounts qualified

THE ACCOUNTS of Moss Engineering Group for the year to August 31 1981 have been qualified by the company's auditors.

Chartered accountants Bowker, Stevens and Company say that part of the income of the subsidiary acquired during the year comprised cash sales. They point out that there was little control over such sales upon which they could rely for the purposes of their audit and there were no satisfactory procedures they could adopt to verify the completeness of the income.

The auditors add that there was also a lack of stock control and no adequate cut-off procedures were adopted at the end of the accounting period. As a consequence, they say they were unable to obtain all the information and explanations they considered necessary to satisfy themselves as to the completeness of the income and the value of the stock at August 31 1981 in this subsidiary.

They go on to say that owing to lack of proper identification of slow-moving stocks they were unable to satisfy themselves that such stocks had been valued at the lower of cost or net realisable value. They conclude that the directors gave their assurance that adequate provision for diminution in value of these stocks has been made.

The report and accounts for the year, as reported on November 7, show pre-tax profits lower at £601,492, compared with £705,752, on external turnover ahead at £16.74m, against £15.05m. The dividend is maintained at 5.95p per 25p share.

Fixed assets at year-end were £3.73m (£3.28m) and net current assets stood at £2.1m (£2.52m). Shareholders' funds totalled £6m (£5.64m). Meeting: Shenstone, Lichfield, December 23, at 2 pm.

David Dixon

& Son Holdings Ltd.
Textile Manufacturers

Interim Results

	Half year 28.9.81 £000	Half year 28.9.80 £000
Group Turnover	8121	5203
Group Trading Profit	101	77
Net Profit after Tax	111	57
Earnings per share	5·9p	2·9p
Proposed interim dividend	2·22p	2·22p

- Turnover up 17·6%
- Profits up 31·2%
- £·45M further investment in buildings and plant
- Margins still very tight but general outlook satisfactory

CHARTER

Charter Consolidated P.L.C.

Consolidated profit and loss account for half-year to 30 September 1981 (unaudited)

	Half-year to 30.9.1981 £000	Half-year to 30.9.1980 £000	Year to 31.3.1981 £000
Trading profit of operating subsidiaries	8,836	8,882	13,615
Income from investments			
Associated companies	4,280	3,196	6,680
Other investments	5,363	6,352	10,994
	9,643	9,548	17,674
Retained profits less losses of associated companies	9,238	7,868	15,416
Surplus on realization of investments	9,301	7,011	8,037
Interest receivable	3,323	3,165	9,005
	40,341	36,474	63,747
Deduct:			
Administration and technical expenditure	2,449	2,539	4,551
Prospecting expenditure (including recoveries)	486	(28)	531
Interest payable	3,342	2,692	5,874
	6,277	5,203	10,956
Profit before taxation	34,064	31,271	52,791
Taxation	10,435	10,612	18,721
Profit after taxation	23,629	20,659	34,070
Deduct:			
Minority interest	1,407	1,288	1,476
Profit attributable to Charter	22,222	19,371	32,594
Earnings per share	21.15p	18.45p	31.05p
Interim dividend of 3.75p per share (previous year – 3.4p)	3,940	3,569	

Note: The results of Alexander Shand (Holdings) Limited from the effective date of acquisition to 30 June 1981 have been consolidated in Charter's accounts to 30 September 1981.

Interim dividend

The directors have declared an interim dividend of 3.75p per share payable on or about 7 January 1982 to shareholders registered at the close of business on 11 December 1981 and to persons presenting coupon no. 34 detached from share warrants to bearer. The dividend will carry a tax credit of 1.60714p per share.

1 December 1981

by order of the board
D. S. BOOTH
secretary

BOARD MEETINGS

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Buffelsfontein Gold Mining, Clydesdale (Transvaal) Collieries, Ferranti, Matthew Hall, Pilkington Brothers, Sheffield Refreshment Houses, Trans-Natal Coal.

Finals: Dundee and London Investment Trust, Griqualand Exploration and Finance, Irish Distillers, Keystone Investment, Stilfontein Gold Mining, West Rand Consolidated Mines.

FUTURE DATES

Interims—

Alpine Soft Drinks	Dec 8
Austin (E.) (London)	Dec 15
Bascott (Geo.)	Dec 7
British and American Film	Dec 3
British Steam Specialities	Dec 17
Brown (N.) Investments	Dec 9
Cray Electronics	Dec 8
Distillers	Dec 17
Equity Consort Invest. Trust	Dec 16
Holyrood Rubber	Dec 10
Hongkong (Selangor) Rubber	Dec 10
Kuala Selangor Rubber	Dec 10
Lynton	Dec 7
Norcros	Dec 11
Preedy (Alfred)	Dec 7
Rolfe and Nolan	Dec 8
Shaw Carpets	Dec 10
Wagon Industrial	Dec 4
Ward and Goldstone	Dec 8

Finals:

Crystalate	Dec 4
Edbro	Dec 7
Hunslet	Dec 11
Stenhouse	Dec 16

MINING NEWS

Charter's earnings still making fair headway

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Charter Consolidated industrial and mining group is weathering the general economic storms very well. Net profits for the first half of the year to next March have risen 14.6 per cent to £22.2m, equal to 21.15p per share, and indications are that this rate of increase will be maintained in the second half.

This view is supported by Charter's decision to increase its interim dividend to 3.75p from 3.4p last time. The previous year's total was a three times' covered 10p.

The one notable dull spot in Charter's fortunes during the past half year has been Cape Industries which, having overcome the problems of its automotive division, still has to live with difficult conditions in the insulation market.

Offsetting the effects of Cape Industries, however, has been the consolidation in Charter's results of those of Alexander Shand from the effective date of acquisition in late February to June 30. Anderson Strathclyde, formerly treated as an investment in the accounts, is now also consolidated as an associated company.

Among other major interests, Johnson Matthey continues to do well, while Charter's latest share-dealing profits have been swelled by the gain on the sale of the holding in Haw Par.

Backed by the important investment portfolio of leading mining houses such as Anglo American Corporation, Minerals and Resources Corporation and Rio Tinto-Zinc net assets of Charter could now be worth nearly £5 per share.

Thus at 233p the shares on a potential yield of over 6 per cent appear to be reasonably priced now while offering accelerated growth prospects when the eventual world economic recovery occurs.

	Half-year to 30.9.81	30.9.80
	£000	£000
Profit operating subs.	8,536	8,882
Assoc. companies	4,290	3,196
Other investments	5,363	6,352
Dealing	9,643	9,548
Retnd. profits assocs.	9,238	7,888
Realisation invests.	9,301	7,011
Interest receivable	3,323	3,165
Making	40,341	38,474
Admin. tech. expend.	2,448	2,539
Prospecting expend.	488	28
Interest payable	3,342	2,692
Profit before tax	34,064	31,271
Tax	10,435	10,612
Profit after tax	23,629	20,659
Minority interest	1,407	1,288
Attributable	22,222	19,371
Earnings per share	21.15p	18.45p

Big loan for Falconbridge

WITH INTERNAL cash generation hit by the combination of low metal prices and rapidly rising costs, Canada's Falconbridge Nickel has turned to the banks for funds, reports John Soganich from Toronto.

Falconbridge has borrowed C$172m (£75m) from Canadian Imperial Bank of Commerce as part of a credit line of C$180m established in 1980. The company recently reported a sharp downturn in profits for the third quarter, although unlike Inco, the leading producer of nickel in Canada, Falconbridge managed to stay in the black.

Much of the money is expected to go towards Falconbridge's substantial scheduled capital expenditure programme in the Sudbury district of Ontario.

Although the company's operations in the area are working below capacity at present, Falconbridge has pressed ahead with work on the big Fraser nickel-copper mine, which is expected to reach full capacity of 2,500 short tons of ore a day by the end of 1983.

Development work at the Craig mine, also in the Sudbury district, continues.

Craig is expected to come into production in 1987. Reserves are estimated at 5.5m short tons, grading an average of 2 per cent nickel and 0.76 per cent copper per ton.

In addition to the capital spending, Falconbridge needs funds to support its 65 per cent-owned ferro-nickel subsidiary in the Dominican Republic, Falconbridge Dominicana.

The parent company has already provided U.S.$17.8m (£9m) in loans to this unit out of a total borrowings of U.S.$29.7m, and Mr H. T. Berry, Falconbridge's chairman, said at the time of the third quarter results that further financial support would be necessary.

Meanwhile, the subsidiary Corporation Falconbridge Copper has followed the lead of its parent in deciding not to declare a dividend for the fourth quarter. The reason is substantially lower earnings during the first nine months of 1981. The company paid 15 cents per share in March, the same in June and 10 cents in September, down from $1 for the whole of 1980.

Partners to spend more on Rundle

The Queensland Government will not renew the mining lease of the Rundle oil shale partners which is due to expire on December 31, according to the state Mines Minister, Mr Ivan Gibbs.

But the partners in the A$30bn (£1.77bn) Australian venture will get a new Authority to prospect (ATP) over the central Queensland shale deposits if they spend another A$39m on studies.

The partners are: the Exxon unit, Esso Exploration and Production Australia (50 per cent), Central Pacific Minerals (25 per cent) and Southern Pacific Petroleum (25 per cent).

Under a franchise agreement enacted by the Queensland Parliament in April 1980, part of the original ATP was converted to a mining lease.

But as a result of major technical difficulties and cost escalations, development of the Rundle deposits has been delayed and the partners signed a revised heads of agreement in May this year.

Mr Gibbs said that Esso, which spent A$28m on the project in the past year, requested that the new ATP be extended to five years instead of the usual three, to enable the total Rundle programme to proceed as an integrated study.

Esso will spend A$25m over the next three years on a detailed technology review, followed by a two-year study of investment and engineering estimates as part of an overall assessment of the viability of a commercial plant that can produce 50,000 barrels of oil per day by the year 2000, Mr Gibbs said.

The partners will surrender the original ATP, he added.

Mr Gibbs said that both he and the state premier, Mr John Bjelke-Petersen, are confident that the Rundle project will proceed.

ROUND-UP

Jantar announces that applications made for gold prospecting licences covering 42.93 sq miles in Ghana have been published in the Land and Concessions Bulletin there. At this stage the company says that it has not received any indication as to how its application will be treated, nor does it have any commitment in respect of its applications. Jantar adds that it will make a further statement if it is granted any licences.

Hard times for the tin mines

LATEST results from the Malaysian tin mines underline the importance to the industry of the support buying of the metal which since July has propped up tin prices at levels which would not be justified by consumer demand.

All the Malaysian tin mines have been suffering from sharply rising costs, particularly in the case of power charges. At the same time many of them have been reporting lower production.

Kamunting Tin, however, boosted its tin concentrate output to 81,720 tonnes in the six months to September 30 from only 19,950 tonnes in the same period of last year when the No. 5 dredge was shut down pending the acquisition of additional reserves.

Although Kamunting obtained a similar price for its greatly increased production in the latest period, sharply higher costs obtained and there was only a mining profit of M$59,000 (£11,400) compared with a loss of M$674,000 a year ago.

Far more revenue has come for Kamunting from interest and rental income with the result that, after deduction of tax, there is a first half profit of M$593,000, or 15 cents (3.4p) per share, compared with a profit of M$319,000 a year ago.

The interim dividend is being lifted to 24 cents, less tax at 40 per cent, from 10 cents a year ago. The total for the year to last March was 27½ cents.

Sungei Besi has suffered from a fall in production during the six months to September 30 as a result of the reduced scale of operations at the Hong Fatt section and at the northern part of the No 3/5 opencast.

Output of tin concentrates thus fell to 460 tonnes from 689 tonnes in the same period of 1980. Although the price received for the material increased slightly the mining profit dropped to M$1.29m from M$5.09m.

Here again, interest receiveable has cushioned the fall in mining profit and Sungei Besi's latest first half net profit comes out at M$1.44m, or 42 cents per share, against M$3.2m a year ago.

The company is cutting its interim dividend to 65 cents before tax. For the year to last March there were two gross payments of 155 cents.

Petaling Tin reports an estimated pre-tax profit of M$5.96m for the year to October 31 compared with M$24.62m for the previous 12 months. The latest tax charge has fallen to M$3.14m from M$13.7m. Tin concentrate production in the past year dropped to 914 tonnes from 1,641 tonnes.

The company is restricting its second interim dividend to 30 cents in order to conserve funds for the construction of its new dredge. This will bring the total distribution for 1980-81 to 60 cents compared with 180 cents for the previous year.

The new dredge is due to be in operation by the end of the current financial year.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$425	11	15	25	27	2	37	$405.50
GOLD C	$450	35	6	—	—	—	—	"
GOLD C	$475	207	4.40	—	—	—	—	"
GOLD C	$500	3	2.80	—	—	—	—	"
GOLD P	$375	80	7	10	10	—	—	"
GOLD P	$400	92	16	1	17	1	30.50	"
GOLD P	$425	3	28	—	—	—	—	"
12¾ NL 81 87-91								
C	F.105	25	1.70	10	2.10	110	1.80	F.105.80
C	F.107.50	—	—	—	—	—	—	"
P	F.102.50	10	0.50	—	—	—	—	"
P	F.105	30	1.50	—	—	—	—	"
12 NL 81 85-88								
C	F.102.50	—	—	100	1.20	—	—	F.101.80
10¼ NL 80 86-95								
C	F.95	20	2.50	—	—	5	3.70	F.96.20
C	F.97.50	10	1.10	—	—	20	1.60	"
P	F.92.50	—	—	—	—	—	—	"
P	F.97.50	5	2.50	—	—	—	—	"
		Jan.		April		July		
ASN C	F.300	—	—	—	—	5	10	Fr.289
AKZO C	F.20	6	3.30	—	—	20	4.20	F.22.80
AKZO C	F.22.50	10	1.40	3	2.40	—	—	"
AKZO C	F.25	—	—	25	1.30 B	40	2.20	"
AKZO P	F.22.50	—	—	50	1.40	—	—	"
HEIN C	F.45	3	2.20	—	—	—	—	F.46
HOOG P	F.15	30	1.50 A	—	—	—	—	F.14
KLM C	F.90	21	6.60	—	—	—	—	F.91.70
KLM C	F.100	150	3.30	15	8.50	—	—	"
KLM C	F.110	27	1.50 A	5	5	—	—	"
KLM C	F.120	5	0.60	20	2.50	—	—	"
KLM C	F.140	42	0.20	—	—	—	—	"
KLM P	F.80	47	1.20	—	—	—	—	"
KLM P	F.90	24	3.30 B	6	6.80	—	—	"
KLM P	F.100	41	10	—	—	—	—	"
NEDL C	F.150	24	3.80	—	—	—	—	F.145.20
NEDL C	F.160	5	1.10	—	—	—	—	"
NEDL P	F.140	25	1.50	15	3	—	—	"
NEDL P	F.150	20	6.80 B	25	8 B	—	—	"
NEDL P	F.160	—	—	10	15 B	—	—	"
PHIL C	F.17.50	—	—	—	—	25	3.40	F.19.70
PHIL C	F.20	110	07.0	16	1.50	77	1.90	"
PHIL C	F.22.50	6	0.30	39	0.80	41	0.90	"
PHIL C	F.25	26	0.10	—	—	—	—	"
PHIL P	F.20	23	1.50	63	1.70	20	1.70 B	"
RD C	F.80	73	10.30	—	—	—	—	F.88.50
RD C	F.90	181	3.60	72	7	22	8.30	"
RD C	F.100	135	1	91	3	—	—	"
RD P	F.70	10	0.20	—	—	—	—	"
RD P	F.80	116	0.70	38	2.30 B	—	—	"
RD P	F.90	67	4 B	—	—	—	—	"
RD P	F.100	3	11.50	6	12	—	—	"
UNIL C	F.140	5	13.50	—	—	—	—	F.151.80
UNIL C	F.150	—	—	—	—	11	—	"
UNIL C	F.160	31	1.50	19	4.80	—	—	"
UNIL C	F.170	32	0.60	—	—	—	—	"
UNIL P	F.130	10	0.30	—	—	—	—	"
UNIL P	F.150	12	3	3	5.70	—	—	"
		Feb.		May		Aug.		
SIEM C	*DM.240	—	—	30	2.70	—	—	DM232.30
SLUM C	$60	—	—	3	4¼	—	—	$57¾
SLUM P	$70	—	—	4	1¾	—	—	"
VW C	DM.160	—	—	30	4.80	—	—	DM131.20

TOTAL VOLUME IN CONTRACTS 3001

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15 %	Grindlays Bank	‡15 %
Allied Irish Bank	15 %	■ Guinness Mahon	15 %
American Express Bk.	15 %	■ Hambros Bank	15 %
Amro Bank	15 %	Heritable & Gen. Trust	15 %
Henry Ansbacher	15 %	■ Hill Samuel	§15 %
Arbuthnot Latham	15 %	C. Hoare & Co.	†15 %
Associates Cap. Corp.	15 %	Hongkong & Shanghai	15 %
Banco de Bilbao	15 %	Knowsley & Co. Ltd.	15½ %
BCCI	15 %	Lloyds Bank	15 %
Bank of Cyprus	15 %	Mallinhall Limited	15 %
Bank Street Sec. Ltd.	16 %	Edward Manson & Co.	16 %
Bank of N.S.W.	15 %	Midland Bank	15 %
Banque Belge Ltd.	15½ %	■ Samuel Montagu	15 %
*Banque du Rhone et de la Tamise S.A.	15½ %	■ Morgan Grenfell	15 %
Barclays Bank	15 %	National Westminster	15 %
Beneficial Trust Ltd.	16 %	Norwich General Trust	15 %
Bremar Holdings Ltd.	16 %	P. S. Refson & Co.	15 %
Bristol & West Invest.	16 %	Roxburghe Guarantee	15½ %
Brit. Bank of Mid. East	15 %	E. S. Schwab	15 %
■ Brown Shipley	15 %	Slavenburg's Bank	15 %
Canada Perm't Trust	15½ %	Standard Chartered	‡15 %
Cavendish G'ty T'st Ltd.	15½ %	Trade Dev. Bank	15 %
Cayzer Ltd.	15 %	Trustee Savings Bank	15 %
Cedar Holdings	15 %	TCB Ltd.	15 %
■ Charterhouse Japhet	15 %	United Bank of Kuwait	15 %
Choulartons	16 %	Whiteaway Laidlaw	15½ %
Citibank Savings	¶15 %	Williams & Glyn's	15 %
Clydesdale Bank	15 %	Wintrust Secs. Ltd.	15 %
C. E. Coates	15½ %	Yorkshire Bank	15 %
Consolidated Credits	15 %		
Co-operative Bank	*15 %		
Corinthian Secs.	15 %		
The Cyprus Popular Bk.	15 %		
Duncan Lawrie	15 %		
Eagil Trust	15 %		
E. T. Trust Limited	15½ %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½%, and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

Little change at Craig & Rose

Profits, before tax, of Craig and Rose, paint and varnish manufacturer, were virtually unchanged at £138,167, against £141,752, for the first half of 1981 and directors say that in view of the difficult trading conditions in the industry generally, they were not dissatisfied with the results.

Turnover slipped from £2.53m to £2.47m, but the interim dividend is held at 8p net per £1 share and directors expect to recommend a maintained second interim of 37p.

After six months' tax of £65,000, compared with £71,000 net profits were just ahead at £73,167 (£70,752) giving stated earnings per share of 71.4p (69p).

Moorgate Mercantile advances

An advance in pre-tax profits was shown by Moorgate Mercantile Holdings for the six months to September 30 1981. The directors predict that the outcome for the year will show a significant improvement over the pre-tax results for the year before.

The net interim dividend has been lifted from 0.25p to 0.3p on higher pre-tax profits of £262,000 against £163,000 previously. A total payment of 0.9p was made last year on taxable profits of £403,406.

Turnover for the six months was ahead at £4.63m, compared with £4.27m before. Pre-tax profits were struck after lower interest of £299,000 (£389,000).

BIDS AND DEALS

Oxley management buy-out completes receiver's role

THE RECEIVER for the Oxley Printing Group, Mr Ian McIsaac of Touche, Ross, has confirmed that all but one of the group's 15 active businesses have now been sold. The completion yesterday of a management buy-out for Oxley Press (Nottingham)—the last of four such buy-out deals in all—has concluded the receiver's role.

Oxley Printing went into receivership in August, reportedly owing about £10m to its creditors, including National Westminster Bank, Barclays Bank, Midland Bank and the Royal Bank of Scotland. The net proceeds available to them from the receiver's work has not been disclosed.

By disposing of the group's subsidiaries for the most part as going concerns, the receiver has ensured jobs for 750 of the 1,300 workers at Oxley Printing who were threatened with redundancy in the summer. Mr Isaac said the reduced workforce was producing much the same as the old, and this had been "the key."

Apart from management buy-outs, the most prominent purchaser of the group's former companies had been Mr Robert Maxwell's BPC, which completed its purchase of Carlisle Web Offset at the weekend. It earlier acquired three other companies: Product Support (Graphics) in Derby and East Kilbride; Birmingham Binding; and Product Support (Technical Publications), also in Derby and East Kilbride.

LEIGH INTERESTS

Tunnel Holdings has bought for £200,000 from Leigh Interests its 50 per cent and 16 per cent stakes in two formen joint companies. One of these companies operates the toxic waste treatment plant at West Thurrock, Essex, and the other has the right to operate in the remainder of the UK, other than in the south east and Midlands. The sum includes Leigh's 16 per cent equity in Stablex International Holdings.

As a result, these three companies, which are involved in the treatment of toxic and hazardous wastes by the Sealosafe process in the UK and Europe, are now wholly owned by Tunnel.

Tunnel and Leigh still hold their 42 per cent and 8 per cent interests respectively in the companies in the U.S. and Canada responsible for developing the process in North America.

LONDON AND MANCHESTER ASSCE.

Shareholders of London and Manchester Assurance Company have approved a scheme of arrangement whereby all the issued share capital of the company will be acquired by London and Manchester Group, a new company. In exchange, they will receive an equal number of shares in the new concern and will remain shareholders in the company which controls the entire London and Manchester Group. The scheme is subject to sanction by the High Court.

BEREC/HANSON

S. G. Warburg and Co., as an associate of Berec Group, bought on behalf of discretionary investment clients £7,500 9¾ per cent Convertible Unsecured Loan Stock 2001/06 of Hanson Trust at £109¼.

FOCUS CONTACT

A group of private investors headed by Mr M. W. Bunbury, has completed the purchase of the majority of the capital of Focus Contact Lens Laboratory.

Mr Peter Bryant, one of the founders, and present managing director, continues to hold substantial interest in the company.

The investors have committed substantial funds to support the continued growth and expansion of Focus at its new laboratory in Berkhamsted.

G. M. FIRTH BUYS PROPERTIES

G.M. Firth (Holdings) has completed the sale of freehold land and buildings, at West Bromwich, known as Eagle Works, together with plant and machinery located at the premises. The purchaser is the tenant to whom the property, plant and machinery were leased in 1979, and the consideration is £250,000 cash, compared with book value at March 31, 1981 of £175,000.

Firth has also agreed to purchase through a 75 per cent owned property investment subsidiary, the office premises known as Enterprise House at Western Road, Hove, for £210,000 cash. At the same time, an agreement has been entered into to purchase a residential property in Palmeira Square and Western Road, Hove for £257,500 cash.

The transactions are in furtherance of the policy to develop property activities.

R. P. MARTIN SELLS LEASING SIDE

R. P. Martin and Company has sold its majority shareholding in R. P. Martin Leasing to Mr Peter Jasilkowski, the managing director, under the terms of a shareholders' agreement entered into four years ago when R. P. Martin Leasing joined the Martin Group.

The group will have no further involvement in R. P. Martin Leasing and the Martin nominee directors have left its board.

The consideration was settled in cash and represented less than 1½ per cent of the assets of the R. P. Martin Group, which were just under £4m at the end of June.

Treasury buys the Bank's BP stake

The Bank of England has handed over its 17.15 per cent in British Petroleum to the Government and the Treasury Solicitor has amalgamated the 311.27m shares involved with the Government's own holding of 21.89 per cent (397.22m).

Although the transaction is an inter-departmental one, the Treasury has agreed to pay the Bank full market value for the shares as of the date of transfer. BP's shares were 332p each in the market on Friday putting a value on the stake of £1.03bn.

In addition the Inland Revenue is demanding stamp duty on the transfer of £20.67m.

SHARE STAKES

Caffyns — Mr Bradlow, of Browning Securities, advises that 88,500 ordinary shares (2.73 per cent) purchased in the name of I. A. and N Nominees were purchased on behalf of the E. D. Healey Settlement Trust. Mr E. D. Healey is a director of Stadium Developments, which holds 149,500 ordinary shares (4.61 per cent).

City of Aberdeen Land Association—Scottish Northern Investment Trust has acquired 58,025 ordinary shares and now holds 110,000 (8.048 per cent).

Hallite Holdings—Laurie Milbank and Co has sold 12,500 shares at 201p on behalf of the General Tire and Rubber Company (SA).

Murray Glendevon Investment Trust—As a result of recent purchases Courtaulds Pensions Common Investment Fund holds 1.76m ordinary shares (17.55 per cent).

Rowntree Mackintosh—Eagle Star Insurance are no longer interested in the company's 7 per cent second cumulative preference shares as a result of a sale on November 23 1981.

Tanks Consolidated Investments—Between midday on November 20 and up to midday on November 27 Societe Generale purchased in the market 12,300 ordinary shares at 450p (0.07 per cent) and 240,000 shares at 446½p (1.4 per cent).

Yule Catto—Lord Catto, chairman, and Mr Richmond Watson, director, have notified that as a result of the termination of a family trust they have ceased to be interested as trustees in 1,144,844 ordinary shares. Lord Catto has acquired a personal interest in 419,776 shares and Mr Watson a personal interest in 63,602 shares both at a value of 94.25p per share. This brings total beneficial holdings of ordinary shares of Lord Catto to 1,095,896 (5.8 per cent) and Watson to 298,602 (1.6 per cent).

Trustees Corporation—Scottish Widows' Fund and Life Assurance Society with subsidiary owns 4,459,081 (over 5 per cent).

Lamont Holdings — Sir Desmond Lorimer, director, has acquired 60,375 shares, making holding 3,035,821 (21.98 per cent).

James Finlay—The company increased its shareholding in its subsidiary Gaelic Invoice Factors from 60 per cent to 80 per cent by acquisition of an additional 4,166 ordinary shares. As consideration for the acquisition Finlay has issued 36,452 ordinary stock units.

Hallam Group of Nottingham—Preference dividend for half-year to December 31 1981 will not be paid—dividend in arrears from July 1 1976.

Powell Duffryn — Kuwait Investment Office holds an interest in 1,922,500 ordinary (6.15 per cent).

YEARLINGS UNCHANGED

The interest rate for this week's issue of local authority bond is 14¼ per cent, unchanged from last week. The bonds are issued at par and are redeemable on December 8 1982.

A full list of issues will be published in tomorrow's edition.

Newarthill offshoot's merger

THE boards of Wiggins Group and Newarthill are holding discussions which may lead to a merger of the contracting business of Gee, Walker and Slater, a subsidiary of Newarthill, with that of Wiggins. Arrangements would lead to Gee becoming a wholly-owned subsidiary of Wiggins.

Newarthill is interested in approximately 14 per cent of the share capital of Wiggins, which is held through Gee, and prior to completion these shares, together with completed contracts and certain other assets not relevant to the contracting business of Gee, would be transferred to other parts of Newarthill. It is anticipated that the reaining assets of Gee would have a net value of approxiately £1m.

The consideration, which would be based ont he adjusted net asset value of Gee, would be satisfied by the issue of Wiggins' shares. This would result in Newarthill holding approximately 25 per cent of the enlarged capital of Wiggins and it would be Newarthill's intention to hold these shares as a long-term investment.

Because of Newarthill's position as a significant shareholder in Wiggins, the transaction would be conditional upon the approval of the other shareholders of Wiggins, to whom further details will be sent in due course.

SHARPE & FISHER

Sharpe and Fisher, the builders' merchants and DIY supermarkets group, is acquiring the builders' merchanting business of S. and F. Green of Haverfordwest. Sharpe and Fisher already trade in Wales from branches at Cardiff and Llanelli and the new Haverfordwest branch provides a logical extension of the group's merchanting activities into the West Wales area.

A new branch of the Sharpe and Fisher group's Sandfords DIY supermarkets will open in March 1982 in 25,000 sq ft premises in Gloucester.

BRITANNIA ARROW/ MERCANTILE HOUSE

Britannia Arrow Holdings has confirmed its sale of 1,956,000 shares (11.17 per cent) in Mercantile House Holdings at 425p per share, realising £8.31m.

The group said last night that it had been awaiting a suitable time to dispose of the stake in view of its large size in relation to Britannia's own assets and the relatively low yield of the investment in Mercantile.

The sale leaves Britannia with a profit of around £5m. An equivalent amount has been invested by the group in three reconstructed property groups this year.

MCLEOD/WARREN

McLeod Russel's offer for Warren Plantations, already declared unconditional, and elections under the offer have closed.

The extra cash elections received under the offer resulted in 552,341 McLeod Russel 8.4 per cent convertible redeemable preference shares becoming available to validly accepting Warren shareholders who wished to receive extra convertible shares as part of their consideration.

Valid extra convertible share elections were received in respect of a total of 3,272,227 convertible shares, and accordingly each validly accepting Warren shareholder who has elected for extra convertible shares will receive, in addition to his entitlement of 55p nominal of convertible share for each Warren share held, approximately 16.8 per cent of the additional convertible shares for which he elected.

Acceptances have now been received in respect of 97.18 per cent of the Warren shares which were the subject of the offer. The offer will remain open.

NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission:

Anglo International Mining Corporation/controlling interest in Rand London Corporation; Burnett and Hallamshire Holdings/Anglo International Mining; Trident TV/Playboy Club of London; RIT/Esperanza; BICC/Sealectro Corporation; Greycoat Estates/City Offices.

WM. MOWAT

The offer on behalf of Mr Ernest Kearns for Wm. Mowat and Sons has been extended to December 18. Acceptances have been received for 120,380 shares (12.04 per cent).

I. & J. HYMAN

Mr D. M. Campbell, a substantial shareholder in I. and J. Hyman and a director of certain of its subsidiaries, has disposed of 273,000 shares out of his personal holding to a colleague, Mr R. Jupp, who is also on the board of certain other subsidiaries. Mr Campbell's interests now relate to 1.14m ordinary shares (5.47 per cent).

Mr J. E. Sykes has increased his personal holding by the acquisition of 60,000 shares and the family interests of Mr J. E. Curtis have increased by the acquisition of 60,000 shares.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets ... £204.38 234.44 +0.02 —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* ... $8.07 8.47 ... —
Hispano ... $42.11 44.23 ... 6.49
*Prices at Oct. 31. Next sub. day Dec. 1.

Clarendon Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas. I.o.M. 0624 21724
Normandy Metal Trust ... £1.3252 1.3971 ... 4.00
Normandy Com. Tst. ... £1.5236 1.3994 ... 4.00
Cont. Currency & Sd. ... £1.00 £1.00 ... 6.00
For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. ... 233.0 257.0 ... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. ... US$9.3 — +0.37 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ... 85.0 25.1 ... 15.50
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa ... DM30.51 32.05 ... —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Nov 24 ... US$3.82 4.01 ... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra ... DM17.22 17.75 ... —
Int. Rentenfonds ... DM62.90 64.47 ... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Nov 24 ... US$29.42 31.30 ... —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling ... £41.0 43.2 ... 6.70
DL International ... £1.23 1.31 ... 5.00

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. ... 132.0 144.3 ... —

The English Association
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* ... 62.0 66.0 ... 7.58
E.A. Sterling* ... £71.91 71.95 ... —
E.A. Equity* ... £61.75 65.70 ... 1.98
Wardgate Uni. Fd.** ... £16.35 17.02 +0.07 2.94
*Next dealing Dec. 2. **Next dealing Dec. 31.

Euroboed Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408
Euro Hldgs. ... US$20.43 21.26 ... 9.50

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. ... 197.2 211.0 ... 4.8

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. ... 148.9 159.4 ... 3.50
H.S. Fxd. Int. Fd. ... 87.0 91.0 ... 13.50
H.S. Intnl. Gth. Fnd. ... 114.0 121.2 ... —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. ... US$24.47 24.41 +0.42 —
CSF Fd. (Acc.) ... SF17.86 18.24 +0.05 —
Crossbow (Far East) ... SF6.10 6.20 -0.02 —
ITF Fd. (Acc.) ... US$13.24 13.50 +0.08 —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. ... 95.7 101.8 ... —
Next dealing day Dec 2.

IGF Management Services Inc.,
c/o Registrars, P.O. Box 1044, Cayman Is., BWI.
Internal. Gold Fund ... US$86.29 90.66 ... —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (OfferPce) DFl72.20 ... 2.49

International Bond Trust
2, Boulevard Royal, Luxembourg
NAV Dec 1 ... US$10.67 10.67 ... —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. ... A$3.65 3.75 ... 5.87

Investment Advisers, Inc.
First International Plaza, Houston, Texas.
Finomic Invest. Fd. ... — 3.88 -0.07 —
UK Agents: Jason Finlay Tel: 041-204 1321 or Sternberg Thomas Clarke Tel: 01-247 8461.

Invicta Investment Management
1 Charing Cross, St. Helier, Jersey. 0534 73741.
Gilt Growth Fund* ... 97.92 10.39 ... 3.01
Gilt Income Fund ... 83.02 8.37 ... 15.29
Next dealing Dec 3.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
J.F. Japan Tst. ... Y2,629 — ... 0.50
Do. (Accum.) ... Y2,646 — ... —
J.F. Japan Small Co. ... Y12,243 — ... —
J.F. Japan Technology ... Y10,408 — ... —
J.F. Eastern Tst. ... HK$20.10 — ... 1.00
Do. (Accum.) ... HK$20.20 — ... —
J.F. Pac. Secs. (Inc.) ... US$5.25 — ... 0.50
Do. (Accum.) ... US$5.49 — ... —
J.F. Intnl. Tst. ... US$4.27 — ... 0.30
Do. (Accum.) ... US$4.29 — ... —
J.F. S.E.A. ... US$11.87 — ... 1.70
Do. (Accum.) ... US$12.13 — ... —
J.F. Phil. ... US$7.15 — ... 4.30
J.F. Cur.&Bd.Fd. (Inc.) ... US$12.09 — ... 7.40
Do. (Accum.) ... US$13.87 — ... —
Japan & Pacific CovTst ... US$11.75 — ... 5.0
Australia Tst. ... US$8.16 — ... —
NAV Nov. 16.
London Agents: Robt. Fleming & Co. Tel: 01-283 2400

Providence Capital Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. ... 45.7 48.0 ... —
Sterling Equity Fd. ... 71.9 75.5 ... —
Intnl. Bond Fd. ... US$1.07 1.12 ... —
Intnl. Equity Fd. ... US$1.23 1.29 ... —
Prices at Nov 25. Next dealing Dec 2.

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441.
Quest Stlg. Fxd. Int. ... £0.699 0.740 ... 13.51
Quest Intl. Secs. ... US$1.032 1.089 ... 1.16
Quest Intl. Bd. ... US$0.928 0.977 ... 11.43
Prices on November 25. Next dealing December 2.

Quilter/Helmold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177
RRes.Fd.Int.Nov2 ... US$1370.56 ... —
Next dealing date January 4.

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey. 0481-23021.
Intl. Income Fd. ... US$6.06 6.43 ... —
Intl. Capital Fd. ... US$10.56 11.38 ... —
North America Fd. ... US$4.71 5.30 ... —

Raminco Managers Ltd.
P.O. Bx. 1549, Hamilton, Bermuda. (809-29) 5-7979
RAMINCO Nov 2 ... $8.54 8.20 ... —

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914
The Silver Trust ... 157.8 166.3 -3.8 —
Do. Diamond Bd. ... 94.7 99.7 -2.9 —
Sterling Deposit Bd. ... 139.59 146.94 +0.41 14.52
Ates Gilt & Com. Fd. ... 20.1 26.4 -0.5 —
UK Gilt Fund ... 112.6 118.5 -0.3 —
Sapphire Trust ... 130.0 139.1 -1.1 —
Petrotania Oil Trust ... 124.6 131.1 -4.2 —
Managed Fund ... 121.0 127.3 -2.7 —
Coin Trust ... 86.3 90.9 ... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† ... US$2.42 2.57 ... 0.51
OCSm. Co. *** ... 126.3 134.7 ... 2.67
O.C. Commodity* ... 94.3 99.4 ... 8.04
O.C. Dir. Comdty.† ... $37.96 39.61 ... 2.44
O.C. Hong Kg. Fd.†† ... HK$38.05 40.32 ... —
O.C. Sterling Fd.** ... £14.501 ... +0.36 —
O.C. International Reserves Limited

Sel.Francs (Fin.)	71.260	Italian Lira	25,634
Canadian $	20.50	Singapore $	31.360
D-Mark	43.970	£ Sterling	11.929
Dutch Guilder	43.381	Swiss Francs	43.135
French Francs	120.65	U.S.$	24.120

*Prices on Nov. 13. Next dealing Nov. 20.
†Prices on Nov. 23. Next dealing Dec. 7.
**Daily dealings. ***Dec. 15. ††Dealing every Wednesday.

Union Invest. Fd. Mngt. Co. S.A. Lux.
London & Continental Bankers Ltd.
2, Throgmorton Ave., London. 01-638 6111
Unico Invest. Fund ... DM55.10 54.80 ... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds ... DM14.99 15.80 ... —
Unirak ... DM53.24 50.63 -0.06 —
Unirenta ... DM33.61 34.50 -0.10 —

Vanbrugh Fund Mngmt. Intl. Ltd.
28-34 Hill St., St. Helier, Jersey 0534 36281
Vanbrugh Currency Fd. ... 107.1 107.3 ... 9.75

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$6.72 +0.03 —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Energy Intl. Nov 30 ... US$36.71 +0.61 —
Merc. Eurbd. Nov. 25 ... US$12.26 12.44 ... 6.54
Merc. Mny. Nov 30 ... £14.79 14.88 ... —
Select Rt. Oct. 20 ... US$13.33 13.81 ... —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
Merc. Cmn. Nov. 26 ... £24.37 14.74 ... 3.80
Mer.F.E.T. Nov. 25 ... £14.22 14.59 ... 1.30
Metal Tr. Nov. 19 ... £12.72 10.98 ... —
SIAT Ltd. Nov. 25 ... £12.24 12.55 ... 2.94
Merc. Trac. Nov. 27 ... £12.59 14.35 ... 3.55

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong
Wardley Trust ... HK$27.48 29.09 +0.20 3.15
Wardley Nikko As. Fd. ... US$41.59 43.19 +2.07 1.85
Wardley Bond Trust ... US$11.11 11.50 +0.20 8.54
Wardley Japan Trust ... US$12.49 16.94 ... 1.36

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd US$14.19 +0.39 —
Inv. Advs.: M. & G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. ... 43.7 44.3 ... —
Chinese Fund ... 97.7 101.7 ... —
Precious Metal Fund ... 143.4 147.3 ... —
Vanguard Cmdy. Fd. ... 45.1 47.2 ... —
Financial Futures Fd. ... 99.7 103.7 ... —

NOTES
Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firm

Dollar was generally firm in foreign exchange market yesterday, influenced by the upward trend in Eurodollar interest rates. Several U.S. banks, including Citibank and Morgan Guaranty cut their prime lending rates to 15¾ per cent, but this was above the level of 15½ per cent announced by Continental Illinois and Crocker National Bank on Monday. The increase in the Federal Funds overnight rate to around 13 per cent yesterday, following the higher than expected rise in the money supply figures for last week, tended to underpin the dollar.

Sterling weakened against the dollar and major Continental currencies despite the continuing firm trend in London interest rates.

European currencies lost ground to the dollar, while the Danish krone remained the strongest member of the European Monetary System. The lira was again the weakest currency, but recovered somewhat as the Belgian franc fell sharply.

DOLLAR — trade-weighted index (Bank of England) rose to 105.7 from 104.9. The U.S. currency improved to DM 2.2210 from DM 2.2135 against the D-mark; to FFr 5.6125 from FFr 5.60 against the French franc; to SwFr 1.7825 from SwFr 1.77 in terms of the Swiss franc; and to Y216.25 from Y214.10 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) was unchanged at 91.8, after opening at 92.0 and standing at 91.8 at noon. The pound opened at $1.9605-1.9615, and touched a peak of $1.9640-1.9650 in early trading. In the afternoon it fell to a low of $1.9450-1.9460, and closed at $1.9470-1.9480, a fall of 75 points on the day. Sterling fell to DM 4.3275 from DM 4.33, and to FFr 10.93 from FFr 10.9450, but rose to SwFr 3.4750 from SwFr 3.36 and to Y421.25 from Y418.75.

D-MARK—*One of the weaker members of the European Monetary System following the latest currency realignment, but recovering after trading close to its divergence limit for several weeks. It has also improved against the dollar reflecting a lower trend in U.S. interest rates and despite doubts about Germany's economic prospects*—The D-mark weakened against the dollar, but improved against most other currencies at the Frankfurt fixing. The Bundesbank bought a small amount of $6m when the dollar rose to DM 2.2154 from DM 2.2035 at the fixing. In the afternoon the U.S. currency continued to improve to around DM 2.22. It was suggested in the market that the authorities swapped D-marks for dollars on Monday to inject liquidity into the domestic money market as call money rose to 11.2 per cent. It remained firm yesterday at 11.1 per cent ahead of today's repayment a short-term credit facility of DM 7.5bn. Sterling fell to DM 4.3270 from DM 4.330 at the fixing, and eased further to DM 4.3240 in the afternoon.

DUTCH GUILDER—*Improving steadily within the EMS and showing a stronger tendency against the dollar as U.S. interest rates continue to decline. The current payments surplus has also been helped by exports of natural gas at a time of falling oil prices. It is the recession*—The guilder improved against most major currencies at the Amsterdam fixing, but lost ground against the D-mark. The dollar rose to Fl 2.4215 from Fl 2.4075, and continued to improve to Fl 2.4370 in the afternoon. The D-mark rose to Fl 1.09465 from Fl 1.0946 at the fixing, but sterling fell to Fl 4.7330 from Fl 4.75, and the French franc to Fl 43.325 per 100 francs from Fl 43.405.

THE POUND SPOT AND FORWARD

Dec 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9450-1.9650	1.9470-1.9480	0.58-0.48c pm	3.26	1.25-1.15 pm	2.46
Canada	2.2900-2.3100	2.2940-2.2950	0.50-0.60c dis	−2.88	0.56-0.75dis	−1.13
Nethlnd.	4.72-4.76	4.73¾-4.74¾	1½-1c pm	3.17	4⅛-3⅞ pm	3.49
Belgium	73.06-73.65	73.15-73.25	8-18c dis	−2.13	40-60 dis	−2.46
Denmark	13.88-13.96	13.90-13.91	3¾-2ore pm	2.28	4⅛-2⅞ pm	1.08
Ireland	1.2160-1.2250	1.2210-1.2225	0.33-0.45p dis	−3.83	1.06-1.25dis	−3.78
W. Ger.	4.31½-4.36½	4.32¼-4.33¼	1⅞-1⅝pf pm	4.51	5⅛-4⅞ pm	4.51
Portugal	124.55-126.00	124.70-125.00	20-135c dis	−9.85	50-390 dis	−7.05
Spain	184.90-185.90	185.40-185.60	30-60c dis	−2.91	110-150 dis	−2.80
Italy	2315-2330	2317-2318	16¼-19¼lire dis	−9.19	47¾-50¾ dis	−8.50
Norway	11.10-11.19	11.11¾-11.12¾	1-2¾ore dis	−1.75	par-2½ dis	−2.01
France	10.90-10.98	10.92½-10.93½	⅞-1⅞c dis	−1.51	5-6 dis	1.51
Sweden	10.59-10.67	10.81½-10.82½	2-1ore pm	1.69	5⅜-4½ pm	7.41
Japan	418-423	420¾-421¾	3.10-2.75y pm	8.33	7.95-7.65 pm	4.99
Austria	30.20-30.55	30.43-30.48	18-13gro pm	6.11	43-33 pm	4.89
Switz.	3.45½-3.49½	3.47-3.48	2-1½c pm	6.04	4½-4 pm	

Belgian rate is for convertible francs. Financial franc 82.20-82.30. Six-month forward dollar 1.58-1.50c pm. 12-month 2.10-1.90c pm.

THE DOLLAR SPOT AND FORWARD

Dec 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9450-1.9650	1.9470-1.9480	0.58-0.48c pm	3.26	1.25-1.15 pm	2.46
Ireland†	1.5930-1.6040	1.5930-1.5960	1.00-0.90c pm	7.14	2.60-2.40 pm	6.26
Canada	1.1760-1.1787	1.1779-1.1782	0.54-0.57c dis	−5.65	1.07-1.10dis	−3.68
Nethlnd.	2.4210-2.4370	2.4280-2.4310	0.20-0.10c pm	0.74	0.65-0.55 pm	0.99
Belgium	37.38-37.67	37.57-37.59	14-18c dis	−5.09	43-50 dis	−4.93
Denmark	7.1075-7.1625	7.1350-7.1450	½-¾ore dis	−1.05	1.60-2.10dis	−1.03
W. Ger.	2.2100-2.2280	2.2205-2.2215	0.32-0.26pf pm	1.57	1.18-1.12 pm	2.07
Portugal	64.00-64.30	64.05-64.25	30-110c dis	−13.09	70-240 dis	−9.65
Spain	94.60-95.30	95.20-95.25	45-60c dis	−6.61	110-140 dis	−5.25
Italy	1187-1193½	1189-1191	11-13lire dis	−12.08	31-34 dis	−10.91
Norway	5.7020-5.7160	5.7025-5.7075	2.30-2.70ore dis	−5.25	3.70-4.10dis	−2.73
France	5.5800-5.6275	5.6100-5.6150	2.05-2.20c dis	−4.54	6.15-6.50dis	−4.50
Sweden	5.4310-5.4580	5.4530-5.4560	0.20-0.40ore dis	−0.66	0.20-0.40dis	−0.22
Japan	214.00-217.00	216.20-216.30	0.95-0.80y pm	4.85	2.70-2.55 pm	4.65
Austria	15.61-15.64	15.62-15.63	4½-3gro pm	2.88	11½-7½ pm	2.43
Switz.	1.7720-1.7900	1.7820-1.7830	0.51-0.43c pm	3.16	1.20-1.12 pm	2.60

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 1	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.8	−32.5
U.S. dollar	105.7	−0.6
Canadian dollar	88.7	−16.0
Austrian schilling	117.3	+24.0
Belgian franc	105.7	+8.2
Danish kroner	88.6	−9.3
Deutsche mark	123.4	+48.7
Swiss franc	153.6	+104.4
Guilder	115.3	+20.0
French franc	81.2	−14.1
Lira	56.5	−57.5
Yen	146.0	+40.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (Base average 1975=100).

CURRENCY RATES

Nov. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.599350	0.565457
U.S. $	13	1.18072	1.11451
Canadian $	15.32	1.38935	—
Austria Sch.	6¾	18.2799	17.2327
Belgian F.	13	43.7486	41.2593
Danish K.	11	8.34668	7.88965
D mark	7½	2.60173	2.45193
Guilder	9	2.84258	2.68264
French Fr.	9½	6.58813	6.18634
Lira	19	1395.61	1317.08
Yen	5½	255.098	238.983
Norwgn. Kr.	9	6.71526	6.33490
Spanish Pta.	8	111.465	105.154
Swedish Kr.	11	6.40561	6.03894
Swiss Fr.	6	2.08421	1.96099
Greek Dr'ch.	20½	—	62.1848

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.4054	+1.59	+0.80	±1.5368
Danish Krone	7.57117	7.67389	−0.47	−1.26	±1.6412
German D-Mark	2.40989	2.44878	+1.61	+0.82	±1.1077
French Franc	6.17443	6.18331	+0.14	−0.65	±1.3733
Dutch Guilder	2.66382	2.68095	+0.64	−0.15	±1.5063
Irish Punt	0.684452	0.690318	+0.86	+0.07	±1.6688
Italian Lira	1300.67	1314.22	+1.04	+0.89	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for December 1 ...... 0.567528

EXCHANGE CROSS RATES

Dec. 1	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.946	4.328	421.3	10.93	3.475	4.735	2318.	2.295	73.20
U.S. Dollar	0.513	1.	2.222	216.3	5.612	1.784	2.433	1190.	1.178	37.59
Deutschemark	0.231	0.450	1.	97.34	2.526	0.803	1.095	535.6	0.530	16.92
Japanese Yen 1,000	2.374	4.623	10.27	1000.	25.95	8.249	11.25	5503.	5.447	173.8
French Franc 10	0.915	1.782	3.959	385.4	10.	3.179	4.334	2121.	2.099	66.97
Swiss Franc	0.288	0.560	1.245	121.2	3.145	1.	1.363	667.1	0.660	21.06
Dutch Guilder	0.211	0.411	0.914	88.92	2.307	0.734	1.	489.3	0.484	15.45
Italian Lira 1,000	0.431	0.840	1.867	181.7	4.715	1.499	2.044	1000.	0.998	31.58
Canadian Dollar	0.436	0.851	1.886	183.6	4.764	1.514	2.065	1009.	1.	31.90
Belgian Franc 100	1.366	2.646	5.912	575.5	14.93	4.747	6.472	3167.	3.135	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 1/4	offer 12 1/2	bid 12 13/16	offer 12 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15⅜-15⅝	12⅜-12⅝	17-18	11⅛-11⅜	5-5¼	10⅝-10¾	15¼-15½	17-20	13-15	8-8½
7 days' notice	15⅜-15⅝	12⅛-12⅜	17-18	11⅛-11⅜	5½-6	10⅞-10⅞	15⅜-15⅝	23-25¾	15-17½	8-8½
Month	15⅜-15⅞	12⅛-12⅜	16½-16⅞	11¼-11⅜	9⅛-9⅜	10⅞-10⅝	16½-16⅝	23-24	17-18	7½-7⅝
Three months	15⅛-15¼	12¼-12⅛	15⅛-15¾	11¼-11⅜	9⅜-9⅞	10⅜-10⅜	16¾-17	23⅛-24	17¼-17⅞	7⅜-7⅞
Six months	14⅞-14⅞	12⅞-13⅛	15⅝-16	11⅞-11⅞	9⅝-9¾	10⅞-10⅞	17⅝-17⅞	23¼-24	17¾-18⅛	7⅞-7⅞
One Year	14⅞-14⅞	13¼-13½	16-16⅜	11⅞-11⅞	9⅛-9⅞	9⅛-9⅞	18-18¼	23¾-25	16-16⅝	7⅞-7⅞

SDR linked deposits: one month 11 11/16-12 1/16 per cent; three months 11 15/16-12 5/16 per cent; six months 12 3/16-12 9/16 per cent; one year 12⅛-12⅞ per cent.
ECU linked deposits: one month 13 7/16-13 13/16 per cent; three months 13 13/16-14 3/16 per cent; six months 13⅞-14⅛ per cent; one year 13 13/16-14 3/16 per cent.
Asian $ (closing rates in Singapore): one month 12⅜-12⅝ per cent; three months 12 3/16-12 7/16 per cent; six months 12 11/16-13 1/16 per cent; one year 13 5/16-13 7/16 per cent. Long-term Eurodollar two years 14⅛-14⅜ per cent; three years 14⅜-14⅝ per cent; four years 14⅜-14⅞ per cent; five years 14⅞-15⅛ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 12.10-12.20 per cent; three months 12.15-12.25 per cent; six months 12.55-12.65 per cent; one year 12.95-13.05 per cent.

MONEY MARKETS

Revised shortage

London clearing bank base lending rates 15 per cent (since November 10)

Short-term funds were again in short supply in the London money market yesterday and the Bank of England gave assistance, generally accepted as being somewhat greater than the shortfall in credit. Official intervention *was also on the generous* side on Monday and this was interpreted by some sectors of the market as an attempt to ease short-term rates prior to any cut in clearing banks' base rates. For the time being, however, rates showed few signs of easing apart from overnight money which finished at around 3 per cent. This one-week rate was hardly changed at 15⅛-15¼ per cent, while the three-month money was firmer at 15⅛-15¼ per cent.

The Bank of England gave an early forecast of −£200m with factors affecting the market including bills maturing in official hands −£100m and Exchequer transactions −£220m. The Bank gave assistance during the morning *totalling £240m, comprising* purchases of £6m of local authority bills in band 1 (up to 14 days) at 14⅞ per cent and £2m of eligible bank bills at 14⅞ per cent. In band 2 (15-33 days) it bought £5m of Treasury bills at 14¾ per cent and £197m of eligible bank bills at 14⅞-14⅞ per cent. In band 3 (34-63 days) it bought £30m of Treasury bills at 14⅞ per cent. The forecast was revised at 2 pm to a shortage of £250m, before taking into account the morning help and the Bank gave further assistance during the afternoon totalling £101m, making a day's total of £341m.

The afternoon help was made up entirely of purchases of eligible bank bills. In band 1 the Bank bought £2m at 14⅞ per cent, in band 2 £12m at 14⅞ per cent and in band 3 £87m at 14⅞-14¾ per cent. Discount houses paid as little as 5 per cent for secured call loans towards the end of the day while interbank *money fell away to 3 per* cent, having opened at 15¼-15⅜ per cent and touching a high of 15½-15⅝ per cent.

In Brussels the Belgian National Bank announced a cut in the rate on three-month Treasury bills to 14½ per cent from 15 per cent but left rates on one- and two-month bills unchanged.

In Frankfurt the Bundesbank quoted at 11.10 per cent up from 11.05 per cent on Monday and added liquidity to the money market through one-week currency swaps with call money rate of 11 per cent.

MONEY RATES

NEW YORK	
Prime rate	15½-16
Fed. funds	12⅞-13⅛
Treasury bills (13-week)	10.72
Treasury bills (26-week)	10.28
GERMANY	
Special Lombard	11.0
Overnight rate	11.10
One month	10.875
Three months	10.70
Six months	10.225
FRANCE	
Intervention rate	15.25
Overnight rate	15.50
One month	15.3125
Three months	15.3125
Six months	15.3125
JAPAN	
Discount rate	6.25
Call (unconditional)	6.875
Bill discount (three-month)	7.28125

GOLD

Further fall

Gold fell $6½ to $402-403 in the *London bullion market* yesterday. It opened at $407-408, the highest level of the day, and was fixed at $405 in the morning and $402.50 in the afternoon. It touched a low point of $401-402.

In Paris the 12½ kilo gold bar was fixed at FFr 74,500 per kilo ($414.56 per ounce) in the afternoon, compared with FFr 75,000 ($417.77) in the morning, and FFr 75,600 ($423.33) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,990 per kilo ($407.04 per ounce), against DM 29,580 ($416.98) previously, and finished at $402½-403½, compared with $414½-415½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $406 per ounce, compared with $416 previously.

In Zurich gold closed at $401-404, against $413-416.

	Dec. 1		Nov. 30	
Gold Bullion (fine ounce)				
Close	$402-403	(£205⅛-207)	$408½-409½	(£209-209½)
Opening	$407-408	(£207½-208)	$416-417	(£211½-212)
Morning fixing	$405	(£207.246)	$415.50	(£211.598)
Afternoon fixing	$402.50	(£206.199)	$414.50	(£211.318)
Gold Coins				
Krugerrand	$416½-417½	(£213¼-214¼)	$421½-422½	(£215¾-216¼)
1/2 Krugerrand	$214-215	(£109¾-110¼)	$216¾-217¾	(£111-111½)
1/4 Krugerrand	$109-110	(£56-56½)	$110½-111½	(£56½-57)
1/10 Krugerrand	$44½-45½	(£22¾-23¼)	$45-46	(£23-23½)
Mapleleaf	$416½-417½	(£213¾-214¼)	$421½-422½	(£215¾-216¼)
New Sovereigns	$98⅞-99¼	(£50¾-51)	$100-100½	(£51¼-51½)
King Sovereigns	$111-112	(£57-57½)	$114-115	(£58½-59)
Victoria Sovs.	[illegible]	[illegible]	[illegible]	[illegible]
French 20s	[illegible]	[illegible]	[illegible]	[illegible]
50 pesos Mexico	[illegible]	[illegible]	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15 per cent; four years 15 per cent; five years 15 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four months trade bills 14⅞ per cent.
Approximate selling rate for one month Treasury bills 14⅞-14⅞ per cent; two months 14⅞-14⅞ per cent; three months 14⅞ per cent. Approximate selling rate for one month bank bills 14⅞-14⅞ per cent; two months 14⅞-14⅞ per cent; three months 14⅞ per cent.
Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12 per cent. Clearing Bank Rates for lending 15 per cent. Treasury Bills: Average tender rate of discount 13.7664 per cent.

INTERNATIONAL COMPANIES and FINANCE

Visa president turns down German co-operation offer

BY ALAN FRIEDMAN

MR DEE HOCK, president of Visa International, the credit card and travellers cheque organisation, yesterday rejected a West German proposal to establish a co-operative arrangement between German banks and the Visa group.

The proposal came from Herr Wolfgang Starke, general manager of the German Savings Banks Association, during a conference on retail banking organised by the Financial Times and Retail Banker International magazine.

Herr Starke proposed that Visa cards should be accepted by all retail outlets in West Germany currently accepting Eurocard, the prestige charge card. This would increase Visa's acceptance in Germany from 10,000 to 20,000 outlets.

In exchange, Herr Starke requested that Visa "halt attempts to issue its cards through German banks."

"We must be prepared to reach an agreement with Visa on how we might collaborate," said Herr Starke. This was the first time a German banker had made in public any offer of co-operation with Visa, an organisation which is generally scorned by the German savings, commercial and co-operative banks.

Mr Hock, reacting to the German offer, declared: "There is no basis on which we could ever accept such a proposition." Visa would be "delighted to co-operate on any reasonable basis," he added, "but even if Eurocard had 500,000 merchant outlets, it would make no difference.

"We would never contract to any arrangement which would in any way inhibit banks from joining Visa in order to offer Visa cards to customers," exclaimed Mr Hock.

Herr Starke stressed a willingness to co-operate not only with Visa International, but also with the Carte Bleu Visa programme in France and with Barclaycard-Visa programme in the UK.

"I see the possibility of improving our relations with Visa," said Herr Starke. "The common interests of the banks and their customers makes it essential that, despite the existing competition, a modus vivendi should be worked out."

German bankers have been opposed to Visa because of the group's desire to penetrate the German retail banking market and because they see Visa diverting their best customers. The Eurocard (Germany) programme is linked to MasterCard, Visa's competitor and Visa, said Herr Starke. "The other major international payments system company."

Bankers attending the conference in London yesterday expressed surprise that Herr Starke had extended the "olive branch" to Visa and praised the German banking community for its willingness to reach an agreement with Visa. It was unclear, however, whether Herr Starke's proposal had the full backing of commercial and co-operative banks outside his own savings bank organisation.

Eurobond prices continue to fall

BY OUR EUROMARKETS STAFF

PRICES OF fixed-interest Eurodollar bonds continued to decline yesterday by as much as ½ point, largely on the back of a lacklustre day in the New York bond market.

The Euromarket followed New York's poor opening and was further discouraged to see Fed funds rising above the 13 per cent level, the first time this has happened in a fortnight. The cut by several U.S. banks in their prime rates did little to prevent the Euromarket's rally from continuing to run out of steam.

A $50m seven-year issue has been launched for Imasco, the Canadian tobacco group. The offer is led by Wood Gundy and the bonds carry a 15½ per cent coupon. Final terms are expected next Thursday.

Kidder Peabody announced a cut from 15½ indicated to 15¼ per cent in the coupon on the $50m Montana Power issue and the pricing was brought forward two days. The six-year bonds are priced at par.

In the bulldog bond market, the appearance of a £30m 25-year private placement for Caisse Nationale des Autoroutes met with some resistance. Some in the market complained of the fact that this is first issue by a French borrower in the bulldog market, but lead-manager Kleinwort Benson said last night the issue was already substantially placed.

In Frankfurt, a DM 60m seven-year private placement is being arranged for the European Investment Bank. Commerzbank is leading the deal, which involves a coupon of 9⅞ per cent and a price of 100¼, suggesting a yield of 9.70 per cent.

The D-mark foreign bond market was quiet yesterday, with traders waiting to see what will happen to the special Lombard rate today.

In the Swiss franc sector, foreign bonds gained ¼ point. The SwFr 100m 12-year issue for Australia was priced through Union Bank of Switzerland at par, with a coupon of 6¾ per cent.

French bulldog, Page 21

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15.

Closing prices on December 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103	103½	−0⅛	+0½	15.68
APS Fin. Co. 17⅛ 86	50	104⅝	105⅛	−0⅛	+0⅜	15.70
Br. Colum. Hyd. 16¾ 88	100	104½	105	−0⅜	+1	15.08
Br. Colum. Mfs. 17 97	54	104¼	105¼	−0⅝	+1	16.09
Caterpillar Fin. 16½ 86	100	103⅞	104⅜	−0⅜	+0¼	15.26
CFMP 16⅜ 96	100	103⅞	103⅞	−0⅛	−0⅛	16.09
CIBC 16⅜ 91	100	105½	106	−0⅜	+1	15.56
Citicorp Int. Fin. 15 86	150	101¼	101⅞	−0½	+0⅜	14.43
Citicorp O/S 16⅝ 86	150	106	106½	+0½	+2⅜	14.82
Cities Service 17 88	150	106⅝	107⅛	−0½	+0⅜	15.26
Con. Illinois 14⅞ 84	100	100	100½	−0⅞	+0⅛	14.55
Cons.-Bathurst 17½ 88	60	103⅝	104⅛	−0⅜	+1⅛	16.51
CPC Fin. 16⅛ 86	50	106⅛	106⅝	−0½	+0½	14.74
Dupont O/S 14½ 88	400	99⅛	99⅜	+0⅛	+0⅛	14.62
EEC 14⅜ 93	85	97⅝	98⅛	−0½	+0⅜	15.11
EIB 16½ 88	100	103⅞	103⅝	−0½	+0⅜	15.61
EIB 16⅜ 91	100	104⅜	105¼	−0⅜	+0⅝	15.70
Ford Cr. O/S Fin. 16 88	150	99⅛	99⅞	−0⅜	+0⅝	16.03
GMAC O/S Fin. 14⅜ 87	100	98⅞	99⅜	−0⅜	+0⅞	14.92
GMAC O/S Fin. 16½ 84	300	103¼	103⅝	−0½	+1⅜	14.95
Gulf States O/S 17½ 88	60	106⅞	107⅜	−0½	+0⅜	15.68
IBM Wld. Trade 14⅜ 85	60	102⅞	103⅜	−0⅜	+0⅞	13.54
Nat. Bk. Canada 16½ 88	40	101⅛	101⅝	−0⅜	+0⅛	16.78
New Brunswick 17 88	80	106⅝	107⅛	0	+0⅝	15.24
Newfoundland 17⅛ 89	60	107½	108	−0⅛	+1	15.44
Nova Scotia 15 91	75	99⅞	100⅜	−0½	+1⅛	14.92
Ohio Edison Fin. 17½ 88	75	102⅞	103⅞	−0½	−0⅜	16.54
OKG 15⅜ 97	50	98⅞	99⅜	−0⅜	−0⅞	16.90
Pacific Gas Elec. 16 88	75	104⅛	104⅝	−0⅛	+2	14.86
PSNH Int. Fin. 17 86	30	102⅜	103⅜	−0½	+0½	15.96
Quebec Hydro. 17⅛ 91	150	106⅞	107⅛	−0⅜	+0½	15.78
Saskatchewan 16⅛ 88	100	102⅞	103⅜	−0½	+0⅜	15.47
Shell Canada 15⅜ 91	100	104⅜	105⅛	−0⅛	+0⅜	14.72
South California 14⅜ 88	50	101⅛	101⅝	−0⅜	+0⅞	14.32
Swed. Ex. Cred. 16½ 93	75	102⅜	103⅛	−0⅜	+1⅜	15.92
Tenneco Int. 17 89	100	106	106½	−0⅜	+0⅜	15.53
Transcanada 17⅜ 88	75	106⅝	107⅛	−0⅜	+0⅜	15.96
Transcanada 16 89	100	100⅝	101⅛	−0½	−0½	15.80
Walt Disney 15⅜ 86	100	103⅜	103⅞	−0⅜	+1⅛	14.59
Wells Fargo Int. 15½ 84	50	103⅜	103⅞	−0⅜	+0½	13.60
Winnipeg 17 86	50	106½	106⅞	−0½	+0⅛	15.02
World Bank 16 86	210	102⅞	103⅜	−0½	+0⅜	14.93
World Bank 16 88	80	102⅝	103⅛	−0⅜	+0½	15.20
World Bank 16½ 86	130	104⅛	104⅝	−0⅞	+0⅜	15.11
World Bank 16½ 88	100	104⅜	104⅞	−0⅜	+0⅜	15.32

Average price changes... On day −0⅜ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅜	100	+0⅛	+0⅜	10.05
Asian Dev. Bank 10⅜ 89	100	101⅞	102½	−0⅜	+1⅛	10.33
Austria Rep. of 8⅜ 92	150	90½	91	+0⅛	+0⅞	9.68
Belgelectric 11 91	100	101½	102	−0⅛	+0½	10.69
CECA 10 91	120	102⅜	103⅛	0	+2⅛	9.53
Council of Europe 10 91	100	99⅞	100⅜	0	+0½	9.94
Cncl of Europe 10⅛ 91	100	100⅜	101	+0⅛	+0⅞	10.14
EIB 8½ 90	200	94⅜	94⅞	+0⅛	+2⅜	9.44
EIB 10½ 91	200	102⅜	103½	−0⅛	+1⅛	10.01
FSCOM 9⅜ 87	100	94⅞	95⅜	0	0	10.36
Finland, Rep. of 10 89	100	99	99⅜	−0⅞	+0⅞	10.10
Ind. Bk. Finland 8½ 90	50	91⅜	92½	+0⅝	+0⅞	9.86
Int-Am. Dv. Bk. 10 91	100	100⅜	100⅞	0	+1	9.90
Japan Air Lines 8⅜ 87	100	95⅜	96⅛	0	+1⅛	9.08
Japan Dev. Bk. 7⅜ 87	100	92⅞	93⅜	+0¼	+0⅜	9.17
Midland Int. Fin. 8½ 90	100	94⅛	95⅜	−0⅛	+1⅛	9.37
Mt. Bk. Dnmk. 10½ 91	100	100⅛	100⅝	−0⅛	+0⅜	10.43
Nat. West 11 91	125	104⅜	104⅞	+0⅜	+0⅞	10.24
OKB 10⅛ 91	150	100½	101	−0½	+0⅛	10.00
Renault Accept. 10⅜ 86	150	100⅛	100⅝	−0⅛	+0⅛	10.57
Swed. Ex. Cred. 10⅛ 91	100	99½	100	0	+0⅜	10.29
Venezuela, R. of 9⅜ 90	150	94⅛	95⅛	0	+1	10.69
World Bank 11 91	100	104	104½	0	+0⅛	10.27

Average price changes... On day 0 on week +1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	94⅛	94½	−0⅜	+1⅛	7.34
BFCE 6½ 91	100	†95	96⅛	+0½	+1½	7.22
Bayer Int. Fin. 5⅜ 92	100	91⅜	91⅞	+0½	+1⅛	6.38
Beinelectric Fin 7⅜ 91	100	102⅜	103	−0⅜	+0⅛	7.32
Bergen, City of 6⅜ 91	40	100⅛	100½	0	+0⅛	6.60
CECA 6⅜ 91	80	98⅜	99	−0¼	+1⅛	6.91
Dome Petroleum 5⅜ 91	100	91⅛	92	+0¼	+1	6.97
Dome Petroleum 7⅛ 90	100	103	103½	+0½	+0¼	6.76
Elect. de France 5⅜ 90	100	†88½	89	+0⅛	+1⅛	7.00
Eurofima 5⅜ 92	80	†94	94½	0	+5⅜	6.50
Finland, Rep. of 5⅜ 90	80	88½	88⅞	+0½	+0⅞	7.44
Franc Petroles 6½ 91	80	94⅜	94⅞	+0⅜	+1⅜	7.29
Genstar 7 91	100	101⅞	102½	0	−0½	6.70
Int. Amer. Dv. Bk. 7 91	100	98⅜	98⅞	+0½	+1⅛	7.18
I/S Elsam 8½ 91	30	104⅜	104⅞	−0½	+0½	7.82
Japan Dev. Bank 5⅜ 90	100	94½	94⅞	+0⅛	+1½	6.57
Mt. Blanc Tunnel 5½ 90	60	87⅜	88	+0½	−0⅜	7.43
Neder. Gasunie 8 91	100	105⅜	105⅞	−0⅛	+0⅜	7.20
OKB 7 93	100	99½	100	−0½	+0⅞	7.01
Oslo, City of 8 91	100	105	105⅜	+0⅛	+0⅛	7.26
Swed. Ex. Credit 7⅛ 91	75	98⅛	98½	0	+1⅜	7.49
Trade Dev. Fin. 6⅜ 90	50	89½	89⅞	−1⅛	−1	7.79
Voest-Alpine 5⅜ 90	80	87⅜	88⅛	0	−0⅜	7.67
World Bank 6 91	100	92	92½	+0⅛	+0⅞	7.18
World Bank 7 90	100	100⅜	100⅞	−1⅞	+1	6.87
World Bank 8 91	100	104⅞	105⅜	+0⅛	+0½	7.27

Average price changes... On day 0 on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	99⅜	100⅜	+0⅛	+1⅛	8.28
Australia 6½ 88	20	89⅜	90⅜	0	+0⅞	8.65
EIB 7⅜ 89	12	97⅜	98⅜	0	+1⅞	8.12
Finland 8 8 88	10	90⅜	91⅜	0	+1⅜	8.73
Finland, Rep. of 8⅜ 87	15	98⅜	99⅜	0	−0⅛	8.53
New Zealand 8⅜ 87	15	99⅜	100⅜	0	−0⅛	8.33

Average price changes On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†96⅜	97½	0	+0½	14.58
CIBC 11½ 85 C$	60	†92⅜	93⅜	+0⅛	+0⅛	13.93
Federal Dev. 11½ 90 C$	80	†82	83	0	+1	15.24
Federal Dev. 17⅜ 86 C$	40	†106	107	−0½	+1⅛	15.72
Fst. Can. Inv 10 84 C$	30	†89	90	0	0	15.36
GMAC (Can.) 16 87 C$	60	†104	105	0	0	16.68
Tordom Cpn. 13½ 85 C$	30	†96½	97½	0	+0½	14.58
M. Bk. Dnmk. 9 91 EUA	25	80⅜	82	0	+0⅞	12.35
SOFTE 8⅜ 89 EUA	40	76½	78	0	+1⅜	13.25
U. Bk. Nwy 9½ 90 EUA	18	87⅜	88⅜	+0⅛	+1⅞	11.81
Algemene Bk. 10⅜ 86 Fl	60	97⅜	97⅞	−0⅛	+1⅛	10.95
Amfas Group 12⅜ 86 Fl	40	100	100½	−0¼	+1⅛	12.17
Amro Bank 12 86 Fl	75	101⅞	102⅜	−0⅜	+0⅜	11.33
Amro Bank 12 88 Fl	60	101	101½	+0⅛	+0⅞	11.64
Heineken NV 10 87 Fl	100	94⅞	95⅜	−0⅛	+0⅞	11.18
Pierson 10⅜ 86 Fl	50	95½	96	0	+1⅛	11.54
Rabobank 12 86 Fl	50	101	101½	−0⅛	+0⅞	11.58
Air France 14½ 86 FFr	200	91⅞	92½	0	−0⅛	17.15
Bk. America 14⅜ 86 FFr	250	92½	93½	+0⅛	+0½	16.78
Charb'nages 13⅞ 85 FFr	400	90⅜	91⅜	0	0	17.03
EIB 14⅛ 88 FFr	300	87⅞	88⅞	+0⅜	+0⅜	17.33
La Redoute 14⅜ 85 FFr	125	90⅜	91⅜	−0⅛	+0⅛	17.73
OKB 14 86 FFr	400	91⅜	92⅜	+0⅜	0	16.83
Solvay et C. 14⅜ 86 FFr	200	91⅜	92⅜	+0⅜	+0½	17.52
Swed. E. Cr. 14⅜ 86 FFr	250	91⅜	92⅜	+0⅜	+0⅜	17.39
U. Mex. Sts. 14 85 FFr	150	91⅜	92⅛	0	0	17.27
Acona 14 85 £	20	91⅞	92⅜	−0⅛	−0⅜	17.01
Beneficial 14⅛ 90 £	20	84⅜	85⅜	−0⅜	0	17.66
BNP 13⅛ 91 £	15	85⅜	86⅜	0	+1	16.62
CECA 13½ 88 £	20	90⅜	91⅛	−0⅛	+0½	15.81
Citicorp O/S 13½ 90 £	50	90⅜	91⅜	0	+0⅜	15.43
Fin. Ex. Cred. 13⅜ 86 £	15	92⅜	93⅜	−0⅛	+0⅜	15.95
Gen. Elec. Co. 12½ 89 £	50	87⅝	88⅝	−0⅛	+0⅛	16.27
Hiram Walker 14⅜ 86 £	25	94½	95½	−0⅜	+0⅛	15.84
Privatbanken 14½ 88 £	12	93	94⅜	+0⅛	+0⅜	16.11
J. Rothschild 14⅛ 90 £	12	94⅛	95⅛	−0⅛	+0⅜	13.56
Royal Trustco 14 86 £	12	94	95	−0⅛	−0⅛	15.81
Swed. Ex. Cr. 13⅜ 86 £	20	92½	93½	0	+0½	16.06
Akzo 9⅜ 87 LuxFr	500	86⅜	87⅜	−0⅛	−0⅛	12.55
Euratom 9⅜ 88 LuxFr	500	86½	87½	−0⅛	−0⅞	12.95
Eurofima 10½ 97 LuxFr	600	89	90	−0⅛	−0⅛	13.16
EIB 9⅜ 88 LuxFr	600	85⅞	86⅞	0	+1	13.09
Volvo 9⅜ 87 LuxFr	500	85⅜	86⅜	+0⅜	+0¼	13.25

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99⅜	100⅛	18/12	16⅜	16.75
Bank of Montreal 5¼ 91	0¼	100⅛	100⅞	28/4	17.06	16.96
Bk. Nova Scotia 5¼ 93	0¼	100½	101	29/4	17.06	16.94
BBL Int. 5 86	0¼	99⅞	100⅜	20/5	13½	13.48
BFCE 5¼ 88	0¼	100⅛	100⅜	26/4	16.94	16.86
Christiania Bk. 5½ 91	‡0¼	99⅜	99⅞	5/2	15.56	15.66
Co-Ban Eurofin 5½ 91	0¼	99	99½	14/4	16.69	16.81
Den Norske Credit 6 90	‡0¼	99⅛	99⅝	5/2	15.56	15.66
Genfinance 5¼ 87	0¼	101⅛	101⅝	30/4	17.06	16.83
Genfinance 5¼ 92	0¼	99⅞	100⅜	30/12	18.31	18.29
Giro und Bank 5¼ 91	‡0¼	99⅝	100⅛	23/12	17½	17.52
GZB 5⅜ 92	‡0¼	98⅞	99⅜	5/12	17⅜	17.40
Ind. Bank Japan 5¼ 88	0¼	100½	101	9/4	16⅝	16.50
Ind. Bank Japan 5¼ 88	0¼	99⅛	99⅝	9/5	13.31	13.38
Lloyds Eurofin 5¼ 92	§0⅛	99	99½	4/12	17.44	17.57
Lloyds Eurofin 5¼ 93	§0⅛	100⅛	100⅜	29/4	17.13	17.04
LTCB Japan 5¼ 89	0¼	99½	100	16/1	18.32	18.36
Midland Int. Fin. 9 91	0¼	100⅛	100⅞	30/4	17.05	16.95
Nacional Fin. 5½ 88	0¼	98⅜	99¼	25/3	17.31	17.49
Nat. Bk. Canada 5¼ 88	0¼	100⅛	100⅝	24/3	17.31	17.25
Nat. West. Fin. 5¼ 91	§0¼	99⅝	100⅛	15/1	18⅛	18.15
Nat. West. Fin. 5¼ 92	§0¼	100⅜	100⅞	23/4	17	16.89
Nordic Int. Fin. 5½ 91	0¼	98⅜	99⅞	6/5	15⅜	15.68
Pemex 6 91	0¼	98½	99	8/4	17	17.22
Pemex 6⅜ 88	0¼	98½	99	14/2	18.81	19.05
Renown Inc. Fin. 5⅜ 88	0¼	100	100½	24/3	17⅛	17.21
Sec. Pacific 5⅜ 91	0⅛	99⅛	99⅝	24/5	13⅜	13.32
Societe Generale 5¼ 91	0¼	99½	100	22/1	16⅝	16.67
Sparebanken 6 87	0¼	98⅞	99⅜	19/12	16.81	16.96
Standard Chart. 5¼ 91	0¼	98⅞	99⅜	18/5	13.31	13.43
Sumitomo Fin. 5¼ 89	0¼	100⅛	101⅛	6/2	19.56	19.37

Average price changes On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅜ 96	7/81	933	98½	100	−0⅜	1.26
Bow Valley Inv. 8 95	4/81	23.12	104⅜	106⅜	+0⅜	18.76
Canon 6⅜ 95	1/81	829	112½	114⅛	+5⅜	9.79
Daiwa Secs. 5½ 96	12/81	539	†85	87	−0½	3.22
Fujitsu 4½ 96	10/81	6770	99	100½	−1⅜	1.75
Furukawa Elec. 5⅜ 96	7/81	300	125⅜	127⅛	−0¼	−2.03
Hanson O/S Fin. 9½ 96	8/81	2.74	†89	90	+1	−2.16
Hitachi Cred. Cpn. 5 96	7/81	1986	99⅞	101⅜	−1⅜	8.42
Inchcape 8 95	2/81	4.55	†64	65½	−0½	16.57
Kawasaki 5⅜ 96	9/81	229	80½	82	+0⅛	2.49
Marui 6 96	7/81	931	101½	103	−1	−2.55
Matsushita El. 7½ 95	11/80	590	97	99½	+1⅛	3.35
Minolta Camera 5 96	10/81	509	75⅜	76⅜	−1⅛	8.81
Murata 5⅜ 96	7/81	2190	80½	82	+0½	1.45
NKK 6½ 96	7/81	188	95	96½	−0½	−5.91
Nippon Chemi-C. 5 91	10/81	919	78	79⅜	−0⅜	2.83
Ricoh 6⅜ 95	8/80	604	110	112	+0⅞	2.76
Sanyo Electric 5 96	10/81	652	79½	81	0	13.38
Sumitomo Met. 5⅜ 96	10/81	305	82½	84½	−1⅞	−2.87
Swiss Bk. Cpn. 6⅜ 90	9/80	200	†83	85	−1	27.54
Taylor Woodrow 8⅜ 90	1/81	4.94	†81	82	+1	−1.87
Transco Int. 8⅜ 95	2/81	68	†83½	85	+0½	28.37
Tricorp 8½ 95	12/80	31.25	†76½	78	+0½	37.95
Union Bk. Switz. 5 88	2/80	70.79	†91½	93½	0	14.05
Sharp Cpn. 6½ 88 DM	9/80	591.8	160⅞	162⅜	+0⅜	−2.11
Uny Co. 6½ 85 DM	11/79	879.3	105⅞	107⅛	+0½	0.66

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Further setback to Mobil bid plans

By Paul Betts in New York

MOBIL CORPORATION suffered another blow in court yesterday when a Federal judge denied the oil company's request for a temporary stay of the preliminary injunction against its $6.5bn bid for Marathon Oil.

Judge John Manos, who issued the preliminary injunction against Mobil's bid late on Monday night, also yesterday denied the request for a stay. The oil company, currently competing against U.S. Steel for Marathon, is now to appeal against the ruling and is also seeking a stay of the judge's order from the Appeals Court, pending a decision on its appeal.

The judge's ruling against Mobil represents a major setback for the oil company and seriously compromises its efforts to take over Marathon. If the ruling stands, it could also have widespread repercussions by inhibiting other major oil companies from bidding for smaller independent oil concerns.

The temporary injunction was based mainly on anti-trust questions in six specific petrol retailing markets, but the judge did not rule out possible broader anti-trust problems in other sectors, including exploration and production.

Although Mobil could still reverse the ruling, the judge's decision could seriously delay its takeover attempt and give U.S. Steel's $6.4bn bid a boost by stopping Marathon shareholders from tendering their stock to Mobil.

Marathon shares, after a short delay, opened lower at $103 on the New York Stock Exchange, suggesting the market is now giving U.S. Steel a strong edge in the battle for Marathon.

At $103, Marathon shares are trading a little below the average $105 a share price U.S. Steel is offering for Marathon. The leading steelmaker is offering $125 a share for 51 per cent of Marathon and notes, currently valued at less than $90 each, for the rest of the company.

The court ruling also sent prices of some speculative oil takeover stocks down. These stocks had been riding on the back of the Marathon takeover contest as they were seen as likely takeover candidates should Mobil win the contest. Oil companies regarded as potential targets include, among others, Cities Service, Pennzoil, Union Oil of California and Superior Oil.

Restructuring at Exxon office equipment unit

By Our New York Staff

EXXON, the world's largest oil company, yesterday announced a restructuring of its office equipment manufacturing subsidiary involving the closure of one plant, consolidation of management functions, the shifting of manufacturing sites and reductions in the workforce.

The restructuring moves at Exxon Office Systems Company is the latest example of the changes currently being undertaken by major U.S. office equipment companies in the face of soft market conditions coupled with increasing Japanese competition.

The Exxon subsidiary said yesterday that its plans included the closing down of its Qwip facsimile transmission equipment plant in Orlando, Florida, which currently employs 465. Production is to be transferred to the company's plant in Lionville, Pennsylvania.

Exxon Office Systems said inventories of Qwip facsimile machines were adequate to bridge the transition until production began at Lionville.

"The Orlando facility represents excess capacity in addition to being geographically remote from our headquarters in Stamford (Connecticut) and from our other production facilities in the north-east," Mr Robert Contino, president of Exxon Office Systems, said.

He added that the consolidation plan involved organisational streamlining throughout the company. About 600 employees would also be laid off.

Toyota Motor share issue

TOYOTA MOTOR, the leading Japanese car maker, will make a one-for-10 scrip issue to shareholders of record at the end of December, Reuter reports from Tokyo.

Toyota said the issue will return to shareholders the premium it earned in August's public offering of 40m shares at the then market price of Y1,415 each. The shares closed yesterday in Tokyo at Y1,070.

The scrip issue will raise Toyota's capital to Y100.65bn ($470m).

Acquisition to strengthen Gould's electronics arm

BY OUR FINANCIAL STAFF

GOULD, the U.S. electronics and electricals company, is taking over American Microsystems (AMI), one of the few remaining independent semiconductor manufacturers, in a share exchange deal worth about $200m at current market prices. The move will strengthen Gould in important areas of computer technology and in European markets.

The acquisition will mark a further step in Gould's corporate policy of concentrating on high technology while shedding its interests in other areas. It has twice before failed in bids for U.S. computer companies.

Mr William Ylvisaker, Gould's chairman, said in London two weeks ago that the company was seeking a further acquisition in the electronics industry after the disposal of its industrial products division had left Gould with about $150m cash in hand.

The industrial products division was sold because its involvement in the troubled U.S. car and truck industry, to which it supplied bearings, brake drums and other components, no longer fitted corporate strategy.

Paradoxically, AMI is also involved in the motor industry but at a more sophisticated level of technology. By arrangement with Bosch, the West German electrical and components group which holds 25 per cent of its equity, AMI makes specially designed microprocessors for tracking and controlling key functions in cars.

Mr Ylvisaker said in Rolling Meadows, Illinois, yesterday: "We are impressed with AMI's performance in the semiconductor industry, particularly in the current year which has been difficult for most other semiconductor manufacturers. The addition of this company will be beneficial to Gould's electronic strategy and businesses."

AMI a pioneer of custom chips

BY LOUISE KEHOE IN SAN FRANCISCO

ALTHOUGH 1981 has been a difficult year for most U.S. semiconductor makers, American Microsystems (AMI) has maintained its high level of profitability through the recession. For the quarter ended September 26, the company reported net sales that were almost equal to record sales for the same quarter last year.

Now, with the European semiconductor market causing considerable grief to major U.S. suppliers, AMI has moved to increase its share of European sales with a joint venture with Voest-Alpine. AMI whose chairman and president is Mr Glenn E. Penisten, has sold Voest-Alpine a 49 per cent share in its European operation and together the companies will build a factory in Austria to serve the European market. Sales of AMI products manufactured in the U.S. and sold in Europe will, however, continue to be 100 per cent an AMI operation.

Mr Glen E. Penisten

AMI's strategy in the semiconductor business is unique. The company has concentrated most of its efforts in the custom integrated circuit (IC) market, rather than building up a broad product line of standard chip types. Custom ICs are special purpose chips designed for a particular job, unlike the standard microprocessors and memory chips that can be programmed and configurated for a wide range of applications.

The custom approach to electronic design has traditionally been economically viable only for very large volume applications, such as in the automotive and consumer markets. However, that is changing with the emergence of new methods of designing chips that cut down on the time and cost of development.

About 75 per cent of the AMI's business is in custom chips. Of that, 40 per cent is in chips designed either by the customer, or his independent design house. The supply of custom chips is one of the fastest growth sectors in the semiconductor business. Industry estimates put the size of the market at $516m today and see it growing to $1.5bn by 1985.

The silicon foundry business—in which the semi-conductor company acts as a manufacturing service for the customer-designed chips—is expected to expand from its present sales of $135m to a turnover of $680m in 1985. AMI is one of the largest suppliers of silicon foundry services, and through its joint venture with Voest-Alpine will be one of the very few companies supplying such services in Europe.

AMI is, however, in for some new competition on its home ground. Intel recently announced that it is entering the silicon foundry business, and other large semi-conductor makers are expanding their activities in this area are a means of keeping their under-utilised production lines busy during the present recession.

AMI's semi-conductor processing technology is not as advanced as that of some of the other major semi-conductor companies. This is not as critical, however, for the custom designed parts as it is for chips such as memory devices. The companies does have strength in C-MOS, which is widely expected to supplant N-MOS (today's standard technology) as the most popular technology in the mid to late 1980s. The big advantage of M-MOS is that it uses less power, making it suitable for portable, battery-powered equipment.

Litton advances in first quarter

By Our Financial Staff

ANOTHER substantial increase in profits in the first quarter of this year was disclosed yesterday by Litton Industries, the defence electronics, shipbuilding and industrial group. Operating net profit for the quarter has risen by 26 per cent to $76.6m, or $1.87 a share, on sales 12 per cent ahead at $1.25bn.

The California-based company earned $291m in fiscal 1980 from sales of $4.2bn, of which only about one fifth came from U.S. defence contracts.

For the full fiscal 1982 year, Wall Street analysts have been predicting earnings of around $8.40 a share, compared with $7.61 in the previous 12 months.

Further growth is expected in the company's defence and energy related businesses but there is a possibility that international business, which brought in 14 per cent of last year's profits may slow down this year because of softness in major European economies.

Major earnings sectors for the group are industrial systems (42 per cent in 1980), electronics and electrical products (18 per cent) and marine engineering (16 per cent).

European sales boost Commodore

By Our Financial Staff

COMMODORE International, the manufacturer of small computers, sells around 60,000 of its machines in the UK, Mr H. E. J. Finke, the company's president, claimed in London yesterday.

Of the total, about 60 per cent are sold to small businesses which can use them for payroll, inventory control and similar purposes. About 20 to 25 per cent are sold to schools and other educational customers for teaching computer programming, mathematics and similar subjects.

Only the remaining 15 per cent or so of current sales are to private buyers who will use Commodore's range of small computers in their homes. But Commodore recently introduced the Vic 20 aimed specifically at this market, which it believes has the greatest potential for growth in this area of business.

Stewart Fleming in Frankfurt looks at the West German capital markets

Bond rally leaves breathing space

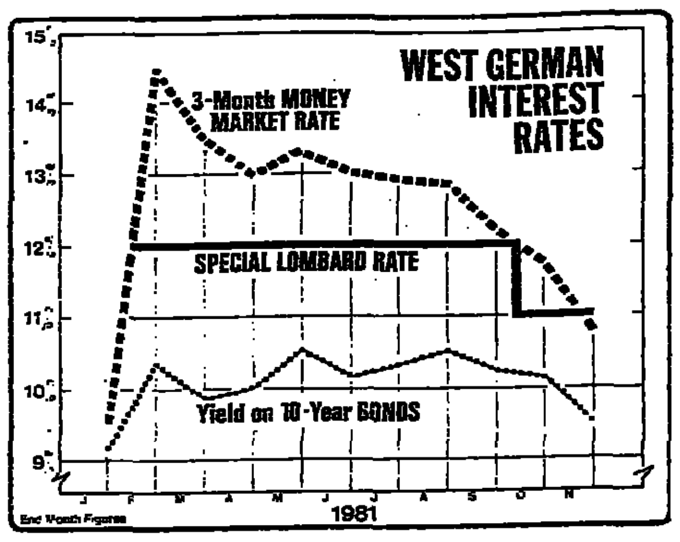
NOT A moment too soon for the hard pressed West German banking industry, medium- and long-term interest rates in the Federal Republic have fallen rapidly in the past two months from the record levels reached in May and late August.

The bond market rally has raised hopes that 1981 will end on a happier note than that on which it began. There ic the prospect also that securities write-offs on fixed-interest bonds will be considerably lower than the bankers had dared to hope in the dog days of August.

When the year opened 10-year bonds in interbank dealings weer quoted at a yield of around 9.5 per cent. At the end of last week, the yield on such paper was 9.6 per cent, and the market was still speculating that before December 31 perhaps even later this week, the Bundesbank will cut its "special Lombard" rate again. Although such a decision would primarily benefit the short-term money markets, it would probably give a further fillip to the bond markets.

While it will be a relief to the bankers that write-offs on fixed-interest securities are likely to be much less heavy than expected, it remains that the inverse yield curve in the markets—with short-term rates higher than long-term rates—still means that those institutions with badly mismatched portfolios—and that is the majority of the bigger commercial banks—are still having to absorb heavy carrying-cost losses.

Moreover, there are grounds for suspecting that the biggest part of the rally at the long end of the market has passed. With 10-year bonds yielding around 9.6 per cent against a forecast inflation rate for 1982 of 5.5 per cent to 6 per cent and a still uncertain international and particularly U.S., financial climate, further big gains in the bond markets are likely to be made only in response to some very convincing positive developments both at home and abroad. The Bank for Gemeinwirtschaft recently predicted that a decline to around 9 per cent could not be expected befor mid-1982.



The rally of the past few weeks comes at the close of a year which the West German markets will be delighted to forget. When 1981 opened, overnight money was costing a little more than 9 per cent and three-month money 9.5 per cent; from there to 10-year maturities, also yielding 9.5 per cent, the yield curve was more or less flat.

On February 19, in response to the continued plunge of the D-mark on the foreign exchanges and worsening domestic inflation, the Bundesbank, the West German central bank, pushed its effective Lombard rate up from 9 per cent to 12 per cent. From then until the end of August, it was a case of almost unremitting pain for the financial sector. By the end of May, one-year bonds were yielding 13.4 per cent and 10-year bonds 10.8 per cent.

A rally in the early summer turned out to be misleading and will have trapped the unwary. It was followed by a renewed surge in rates as the D-mark plunged in early August to DM 2.58 against the dollar. By the end of August, rates for 10-year bonds were back to slightly more than 11 per cent, companies were paying up to 16 per cent for short-term loans and consumers up to 18 per cent for credit.

On October 8, the Bundesbank bowed to a combination of political pressure and clear signs of an improvement in the West German current account and the D-mark on the foreign exchanges and cut its Lombard rate from 12 per cent to 11 per cent. The path was now clear for the rally which had started a few weeks earlier to gather momentum. With the support of a no less marked recovery in U.S. bond prices, the West German bond market continued to rise strongly through November.

Little benefit from these declines in medium- and longer-term interest rates have yet filtered through to the corporate sector or the private consumer. Bankers concede that apart from the rather contrived half a percentage point cut in lending rates on October 13, lending rates have not fallen significantly. After two of the least profitable years in the postwar period, banks have used declines in money market rates to improve lending margins and profits.

While long-term rates remain lower than short-term rates, there is little scope for the bank to help companies to reduce their dependence on short-term finance.

Further declines in short-term rates are the key to improving the range of financing opoprtunities for West German business in terms of both maturity and cost.

This explains why so much attention now is focused on Bundesbank monetary policy, for at the short end of the credit market the central bank has its most direct influence.

The Bundesbank has already indicated that after the twice-monthly meeting of its Central Council tomorrow, it will announce its target ranges for monetary growth in 1982, a decision which provides a framework for its monetary policy. But with unemployment soaring and signs that the current account is improving strongly, there is growing pressure from Bonn, from sectors of industry and the trades unions for the central bank further to ease short-term rates.

The decision will be difficult for the central bank, both politically and economically. The Bundesbank knows that capital investment, which is the crucial next stage in West Germany's adjustment to tougher world economic competition, is flagging.

It knows, too, that there are limits to a policy which can be presented by critics as putting workers out of jobs. But the central bank is still deeply troubled by the persistence of high inflation at this late stage of the economic cycle.

The Bundesbank's decision would be easier to make if the central bank could be assured of modest settlements in the coming wage round. But the announcement this week by IG-Metall, West Germany's biggest trade union, that it will probably put in a 7.5 per cent wage claim for 1982 has added a new element of doubt. Even so, the West German central bank may well find that a further cut in the Lombard rate is a gamble worth taking before a Christmas which will see more Germans out of work than at any time since the beginning of the 1950s.

LOMBARD FORECAST

The West German special Lombard rate, the key interest rate through which the Bundesbank influences the money market, may be lowered by as much as 1 per cent today, according to Dr Helmut Geiger, president of the German Savings Banks and Giro Association, reports Alan Friedman. D Geiger said in London he expected the Bundesbank to reduce the rate from 11 per cent to either 10½ or 10 per cent. He also predicted that the money supply growth target for next year would be set at 4 per cent to 7 per cent, roughly in line with current targets.

Setback for Metallgesellschaft

BY KEVIN DONE IN FRANKFURT

METALLGESELLSCHAFT, the West German metals, chemicals, transport and process plant engineering group, has warned shareholders that it will have to cut its dividend because of a fall of between 40 per cent and 50 per cent in pre-tax profits in the last financial year.

Last year Metallgesellschaft more than doubled earnings from DM 19.9m to DM 42m ($19m).

The group managed to boost its turnover by 11 per cent to DM 10.1bn in the year to the end of September, but continuing losses in its metal fabrication division and falling profitability in its chemicals and metal trading activities have put margins under renewed pressure.

The dividend is expected to be cut to DM 5 per share from the DM 6 paid for the previous year.

Meanwhile, Metallgesellschaft is pushing ahead with its plans to close its metal components manufacturing plant in Frankfurt, despite bitter local opposition. The factory will close at the end of March with the loss of around 1,700 jobs.

The Frankfurt plant has run up losses of DM 24m in the last financial year and has dragged the whole metal components manufacturing division into losses again. In the past 11 years the factory, which produces aluminium, copper and brass motor vehicle components, has accumulated losses of more than DM 200m.

Closure of the plant is expected to cost around DM 45m in redundancy payments.

The closure of the Frankfurt works will help cut the Metallgesellschaft workforce to around 25,000 by next September from a present level of some 26,800.

Group turnover was boosted in the last year by the completion of several major overseas process plants, including five plants in China, which had a total contract worth of DM 1.6bn. Payment for all the plants, some of which were threatened by the slow-down of China's economic development plans, had been received punctually, the company said yesterday.

The impact of the process plant completions by the Metallgesellschaft subsidiary Lurgi, along with the boost provided by the weakness of the D-Mark against the dollar, contributed to the 37 per cent rise in the group's foreign turnover to DM 5.8bn. At the same time the recession in the domestic market which hit metals trading and components manufacturing helped cause a slump of 11 per cent in domestic sales to DM 4.26bn.

The group has been disappointed by the level of new orders booked by the Lurgi subsidiary in the last year, which, at DM 1.8bn, totalled less than the year's turnover of DM 2.1bn. New orders in 1978-79 totalled nearly DM 3bn and in 1979-80 DM 1.7bn.

Hopes of a faster expansion at Lurgi have been hit by the slower than expected introduction of coal liquefaction and gasification plants in the West.

Group investments are being reduced after the large expansion to DM 346m last year and capital spending is expected to total no more than DM 290m in 1981/82.

The capital link with the state of Kuwait, provided by the 20 per cent Kuwaiti equity holding in Metallgesellschaft is still to yield major rewards but Kuwait is expected to join in the financing of the group's recent ventures into the Afton copper and Highmont copper and molybdenum mines in Canada, in both of which MG holds around 23 per cent.

Thomson chief criticises terms for nationalisation

BY TERRY DODSWORTH IN PARIS

M JEAN-PIERRE Bouyssonnie, chairman of France's Thomson-Brandt electrical and electronics group, has added his voice to the widespread adverse criticism of the Government's compensation terms for the companies due to be nationalised.

On the basis of an independent valuation of Thomson's business, he says that the intrinsic value of one of the company's shares amounts to about FFr 600 ($107). This compares with the FFr 252 valuation put on the shares under the Government's nationalisation project.

M Bouyssonnie's comments come as the Nationalisation Bill returns to the National Assembly for a second reading. Failure of a joint commission of deputies and senators to reach agreement on changes will inevitable mean further haggling in the Assembly over the compensation issue.

Although there have been suggestions that the Government might improve the terms—one possibility would be to allow further dividend payments—no evidence of a significant change has yet emerged.

Thomson's independent calculation of its worth is based on a formula taking into account both the current value of its assets and of its capacity to generate profits. The Government has used a different method for valuing compensation—50 per cent is based on average share prices from 1978 to 1980, 25 per cent on average net assets, and the rest on average net profits mutiplied by 10. M Bouyssonnie said that compensation clearly ought to be higher than offered.

M Bouyssonnie also gave an optimistic account of the group's financial and industrial health saying that the parent company should have been able, in normal times, to increase its dividend. Consolidated turnover would increase by almost 16 per cent to FFr 42bn this year, of which half would be made overseas.

This defence of the company's performance is a clear riposte to the frequent criticisms of Thomson made by the Left in recent years.

M Bouyssonnie said that over a wide range of activities the group had strengthened its position, justifying "reasonable confidence" in the future despite the stagnation of the world economy.

Japanese timber importer bankrupt

By Richard C. Hanson in Tokyo

THE FINANCIAL collapse of Japan's leading independent timber importer, the privately owned Shin Asahigawa Company of Tokyo, has set off this week one of the worst chains of business failures in the post-war era.

Reflecting a severe depression in the timber and plywood industry, Shin Asahigawa ran up debts estimated at more than Y60bn ($280m), before applying for Tokyo Court District protection under Japan's bankruptcy laws. The debts make it the seventh largest individual company failure since the war and nearly equal the Y82bn of sales reported for the 12 months ended September.

The ripples spread quickly to Shin Asahigawa's eight main affiliates and numerous major customers. Total debts so far for those in the group facing collapse are estimated at about Y140bn ($650m), making it the second worst failure in the industry following the collapse of Eidai, a plywood maker, more than three years ago.

A sharp downturn in demand as a result of sluggish housing construction in Japan has been the main problem for the major importers—including the big general trading houses, where the timber divisions are also in the red.

Shin Asahigawa's position as an independent importer left it with little financial back-up to ride out the current depression. Commercial banks, led by Daiwa Bank (which was also involved in the collapse of Eidai) are estimated to have lent the company Y52.2bn before pulling the plug.

The biggest victim among Shin Asahigawa's customers so far has been a Tokyo wholesaler Ishimaki Sangyo, which has debts estimated at Y26bn, compared with sales last year of Y35bn.

Pao withdraws support for Wharf and World deal

BY KEVIN RAFFERTY IN HONG KONG

IN A surprise move last night Sir Yue-kong Pao announced that he could no longer support his own controversial proposals which would have created Hong Kong's third biggest company, a property and shipping giant with assets of HK$27bn (US$4.8bn) and market capitalisation of HK$11.5bn.

The company would have been formed through the merger of World International (Holdings) with Hongkong and Kowloon Wharf and Godown Company.

World is Sir Yue-kong's quoted shipping company owning 8m deadweight tons of his 20m tons fleet, and is 66 per cent owned by him and his family. Wharf is 47 per cent owned by Sir Yue-kong and his family through World.

Notice of his change of mind came through a realease from World which said it had "received notice from Sir Yue-kong Pao and his wife" that recent events "have caused him and his wife to reconsider their previously stated intention to vote in favour of the merger proposals at the meetings of shareholders of World in January."

The reason for reconsidering the statement said, was the postponement of the meeting at which Wharf shareholders would vote on the deal. Originally Wharf shareholders were to have met today only nine days after the terms were announced.

But after a barrage of criticisms that Sir Yue-kong was trying to push the deal through and after behind-the-scenes pressures from the Colony's takeovers committee, Wharf shareholders were given more time to examine some of the documents and to receive advice from Sun Hung Kai International which was appointed joint advisers along with Wardley which is advising Sir Yue-kong and Wharf's board.

Critics also challenged the terms which were 625 Wharf shares and HK$350 in cash for every 1,000 shares in World. World shareholders also would have received a final dividend of 14 cents a share. This put a value of HK$4.46 per World share, 26 per cent up on the pre-announcement price.

In effect, the critics said, Wharf would have been using under-valued shares to buy fully valued World assets. Wharf shareholders said their assets would be diluted by the merger.

Last night Sir Yue-kong said the delay of about seven weeks in taking the Wharf vote could have bad adverse effects on World's shipping business.

But there was puzzlement in Hong Kong about the way in which Sir Yue-kong had chosen to make the announcement. He was taking his position as a seemingly ordinary shareholder in World, ignoring the fact that he is the largest shareholder in both World and Wharf and the architect of the merger scheme.

Nor did Sir Yue-kong say that the scheme was now dead, though if he sticks to last night's intentions it would fail because a 75 per cent vote in favour is needed from World shareholders. Baring the merchant bank adviser to World, said that the decision was Sir Yue-kong's own and it was not his adviser's.

Bell Group in surprise offer for Herald

By Graeme Johnson in Sydney

MR ROBERT Holmes à Court, the Western Australian businessman, yesterday launched a surprise A$130m (US$150m) partial takeover bid for Herald and Weekly Times, the Melbourne-based printing and broadcasting group.

The bid, a cash and share mixture, comes almost two years to the day after Mr Rupert Murdoch's News Corporation made an abortive bid for the long-established Australian newspaper publisher.

Mr Holmes à Court chose the annual general meeting in Perth of his main company, Bell Group, to announce the bid. The terms are one Bell share plus A$7 cash for every four Herald shares. Bell will be used as the vehicle for offer for 50.1 per cent of Herald. Bell has already bought 2.5 per cent.

With Bell shares trading at A$4.10 the bid value each Herald share at A$2.77 which is rather finely pitched compared with the present Herald price of about A$2.45 and only cents within the News' original offer, adjusted for subsequent share issues.

Mr Holmes à Court said Bell intended to finance the offer through internal means and credit lines. No other borrowing would be necessary to raise the A$80m for the cash component.

Last week Herald reported an 11.5 per cent increase in profit for the year ended September to A$23.57m on a 16.1 per cent rise in turnover to A$301.41m.

NZ Forest Products just ahead

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND Forest Products, one of the country's leading companies, has reported a small increase in interim net profits but only because of tax effects.

For the six months ended September, net profits were NZ$26.43m (U.S.$22m) against NZ$25m a year earlier. But excluding a NZ$3.72m tax credit this year and a debit of NZ$2.56m last year, net profits fell 17.6 per cent to NZ$22.71m

The company believes, however, it will have a strong second half and expects to top the NZ$52m it earned for all last year.

Boosted by a NZ$75m increase in exports sales, overall turnover rose to NZ$327.28m (U.S.$275.8m) from NZ$261.78m a year earlier.

Demand for wood and wood products is good in New Zealand and Australia, although other markets such as Japan remain under pressure from surplus North American supplies, the company said.

A drop in the world price for paper and the surplus of kraft pulp from North America weakened sales and profits. New Zealand's high inflation rate and increased costs of imported machinery and materials because of the devaluation of the country's currency had also cut pre-tax profits.

The company increased its interim dividend to 11 cents a share from 10 cents last year.

The board stressed the importance of government incentives for forestry development and exports. This issue was widely debated during the country's recent national election campaign.

JNOC seeks oil stockpile funding

TOKYO — Japan National Oil Corporation (JNOC) is to borrow Y2,400bn ($11.2bn) in syndicated loans from Japanese banks between 1982 and 1988 for its national oil stockpile projects. It will construct 10 stockpiling bases throughout Japan by 1988 to build up state-owned oil stocks to 189m barrels.

About 40 per cent of the loans will be used for equipment investment and the rest for purchases of crude oil.

JNOC currently holds about 63m barrels on 35 oil tankers offshore, to cover its needs for 16 days and has private holdings of 432m barrels, sufficient for about 110 days.

It is considering three-year loans for oil purchases and in seven- to 10-year loans for equipment investment at the Japanese long-term prime rate, currently 8.9 per cent.

Reuter

Sharp profit rises for Straits Times companies

BY GEORGIE LEE IN SINGAPORE

TIMES PUBLISHING Berhad, the leading Singapore publisher and its sister company, Straits Times Press (1975), have reported sharply improved earnings for the year to August.

Times Publishing reported a 57.4 per cent jump in pre-tax earnings to S$53.06m (U.S.$25.9m) and a 32.4 per cent increase in net profits to S$27.5m. Group turnover rose by 84 per cent to S$389.4m

Straits Times Press posted a rise of 53 per cent in pre-tax profit to S$19m on the back of a 31 per cent improvement in turnover to S$104.2m. Post-tax profit of the company, whose main activity is the publishing of Singapore's major English language newspaper, rose by 54 per cent to S$11.3m.

Times Publishing is proposing a scrip issue of one new share for every five held and a final gross dividend of 12.5 cents per share. The final payment, together with the interim dividend already paid, makes a total of 20 cents for the year with 19.6 cents previously, adjusting for an earlier scrip issue.

Straits Times Press is recommending a scrip issue of two new shares for every five held and a final gross dividend of 9 cents per share making a total of 15 cents, against an adjusted 11.1 cents.

● FRASER AND NEAVE (F and N), a Singapore beverage manufacturer, has reported an 11 per cent increase in group after-tax profits for the six months to September to S$13.5m (US$6.6m). The company declared an unchanged interim dividend of 7 cents

Malaysian drinks group to diversify

By Wong Sulong in Kuala Lumpur

YEO HIAP SENG, a Malaysian soft drinks group, is moving into food packaging by buying two loss-making companies in the sector for just over 2m ringitt (U.S.$900,000).

Yeo said it will buy 18,788 shares of Esin Canning for 300,000 ringitt, equal to 75 per cent of Esin's paid-up capital, and will pay 1.72m ringitt for 95 per cent of the equity of Bestcan Food Technological Industry, amounting to 2.85m shares.

Esin and Bestcan incorporated in the late 1960s, produce instant noodles and other packaged foods.

Yeo said the acquisitions are complementary to its existing business and it could make good use of the excess capacity at Esin.

WORLD STOCK MARKETS

Dow weaker at midsession

SELLING in the Energy sector led the market lower at midsession, with profit-taking and a declining bond market adding to the weakness.

The Dow Jones Industrial Average was 0.19 lower at 1 pm on volume of 38.6m shares. The NYSE All Common Index was 10 cents down at $73.27.

The decision late on Monday by a federal judge that Mobil's bid for Marathon would violate anti-trust laws was seen as a big influence on sentiment.

Analysts said the ruling was the first indication that the courts may not allow large oil companies to buy up smaller ones in order to increase their reserves.

Energy stocks were bid up sharply after Mobil bid for Marathon as investors tried to determine the next potential takeover target, and those same stocks fell sharply yesterday morning after the court ruling.

The biggest loser was **Marathon** itself, off $3[illegible] to $101[illegible]. Also down were Cities Service, $1[illegible] lower at $50½, **Pennzoil**, $2¾ off at $49[illegible], **Superior Oil**, $1[illegible] off at $38½, **Kerr-McGee**, $1¼ off at $40⅝, and **Union Oil California**, $1 lower at $40[illegible].

Mobil, meanwhile, rose ⅛ to $27, while **U.S. Steel**, the probable victor in the battle for Marathon, added ½ to $29⅜.

Prime Computer rose $1 to $25[illegible]. The company named a former IBM executive as its new president.

THE AMERICAN SE Market Value Index was 1.82 lower at 331.03 at 1 pm on volume of 3.5m shares.

Canada

Prices were lower at midsession, with sharp losses in Metals, Golds and Oil issues. The Composite Index was off 12.3 at 1,999.9 on volume of 2.8m shares, with losers outpacing gainers 239 to 153.

Among the indices, Metals had fallen 22.1 to 1,904.5, Golds dropped 60.1 to 3,141.4, and Oil and Gas dropped 44.9 to 3,932.2.

Nova Preferred "A," the third most active stock, was up ⅛ at C$9[illegible], reflecting interest in the pending sale of its Husky Oil's U.S. assets as well as progress by the U.S. Congress in the Alaska gas pipeline in which Nova is involved.

Most active **Dome Petroleum** was off ⅛ at C$15[illegible]. **Cominco** fell C$1[illegible] to C$27[illegible], and **Daon Development** rose ⅛ to C$5[illegible].

Closing prices for North America were not available for this edition.

Tokyo

Prices closed slightly lower, with investors concerned at the adverse impact of the yen's rise against the dollar on export-oriented issues.

The Nikkei Dow market average shed 27.60 to close at 7,521.73 up from a 51.93 loss in the morning, on light turnover of 270m shares (240m). The Stock Exchange Index was 1.53 off at 552.92. Declines led advances 381 to 221 on the first market.

Light Electricals and Precisions closed mixed on bargain-hunting after falling sharply in the morning. Motors, Steels and Shipbuilders remained lower but Heavy electric machines progressed.

Germany

Most leading shares closed lower after a firm start, as profit-taking developed in the course of a lively trading session. Doubts about whether the Bundesbank would relax its policy at its meeting tomorrow might have prompted the turnaround in sentiment, analysts suggested.

The Commerzbank Index was 0.4 higher at the close, at 696.4.

The market was also depressed by **Hoechst**, which closed DM 4.40 lower at DM 120.50 on further consideration of its one-for-10 rights issue, while **Dresdner Bank** ended DM 3.40 up at DM 144.30 on hopes that its supervisory board meeting would decide to pay a dividend.

BASF benefited from investors switching out of Hoechst and rose DM 2 to DM 141, but **Bayer** fell DM 0.60 to DM 119.40. **BBC** shed DM 4 in Electricals to DM 202, while in mixed Cars, **BMW** gained DM 1.50 to DM 197.50 as **Daimler** fell DM 1 to DM 341.50, and **Volkswagen** eased 60 pfennigs to DM 131.2.

Metallgesellschaft lost DM 5 to DM 268 after saying it could not hold last year's dividend, and **Linde** fell DM 3.70 to DM 320.50, but **GHH** rose DM 2.30 to DM 209.50. **Preussag** fell DM 1.50 to DM 198.

In Stores, which are having a poor start to the Christmas season, **Karstadt** dropped DM 8 to DM 201, **Kaufhof** DM 5 to DM 149 and **Horten** DM 0.10 to DM 125, while **Kloeckner** featured in mixed Steels with a rise of DM 2 to DM 47.50.

Domestic bond market prices were steady, with public authority loans fluctuating narrowly. The Bundesbank sold DM 9.6m of paper after DM 23m on Monday. Mark Eurobonds were steady.

Australia

The market rally stalled, with several key Resource issues easing after a four-day advance. The All Ordinaries Index was 2.7 down at 591.2 in mixed trading, after rising nearly 35 points in four days.

Generally, Mineral stocks and Oil issues were weaker but **WMC**, **Woodside**, **North BH**, **Ashton**, **Petroleum Securities** and **Bridge** were steady.

Market leader **BHP** fell 25 cents to A$10.50 while **CSR** finished 5 cents up at A$3.77. **Poseidon** eased 10 cents to A$3, **CRA** lost 3 cents to A$3.10, **MIM** dropped 4 cents to A$3.46. **Crusader** rose 40 cents to A$6. **AOD** added 5 cents at A$1.70. **Santos** slipped 8 cents to A$5.46 and **Central Pacific** lost 9 cents to 96 cents.

Bank of NSW eased 3 cents to A$3.15. **Myers** gained 5 cents to A$2, **TNT** added 2 cents at A$2.55, **Tooths** was 15 cents higher at A$2.60 and **ACI** was 2 cents up at A$1.78.

Takeover stocks **Arc Industries**, **Humes**, **BMI** and **Nylex** were quiet.

Johannesburg

Gold shares closed easier across the board with other minings generally lower in sympathy, as the bullion price moved down towards $400 in Europe.

Heavyweight producers lost up to R2, as in **Freegold** at R39, while Lightweights shed up to 60 cents.

Mining financials had **Anglos** down 20 cents at R16.50, while **Charter** eased 10 cents to R8.20 after interim results. Platinums and Coppers also eased but **De Beers** in Diamonds was unchanged at R8.57 after R8.63 earlier.

Industrials closed mixed with a firmer bias.

Paris

Share prices were mixed in quiet trading with the positive effect of "Monory Law" buying, in tune for the end of the tax year, counteracted by the less optimistic view of the U.S. economy which followed the fall on Monday in leading indicators.

In mixed Electricals, **Thomson-Brandt** rose FFr 1.90 to FFr 246 after saying it expected higher group net turnover in 1981, while **CIT-Alcatel** rose FFr 10 to FFr 672 after saying it would launch a machine for producing microchips on the European market next year.

Foods and Chemicals were also mixed, with **Rhone-Poulenc** up FFr 0.4 at FFr 125.1 and **Nobel Bozel** down FFr 1 at FFr 20.

Banks and Metals were firm, while lower sectors included Constructions, Rubbers, Oils and Stores.

In the Foreign sector, Americans and Japanese were mixed, while Germans, Oils, Gold Mines and Coppers were easier and Dutch were steady.

Singapore

Share prices closed firm on renewal buying interest in the afternoon after mixed early trading.

Times Publishing rose 30 cents to S$6.15 following its announcement of higher profits, dividend and bonus.

Indices

NEW YORK —DOW JONES

	Nov. 30	Nov. 27	Nov. 25	Nov. 24	Nov. 23	Nov. 20	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	335.36	885.94	878.14	870.24	851.73	852.95	1024.05 (27/4)	824.01 (25/9)	1051.78 (11/1/76)	41.22 (2/7/32)
H'me Bnds.	60.44	60.15	60.25	59.81	60.11	60.54	65.78 (16/1)	54.99 (1/10)	—	—
Transport..	335.19	383.61	384.56	382.04	378.12	378.32	447.36 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities.....	115.59	112.84	112.24	111.96	111.66	111.42	117.81 (5/1)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-r	47,580	32,770	56,570	43,749	45,250	52,010	—	—	—	—

●Day's high 392.73, low 878.14.

Ind. div. yield %	Nov. 27	Nov. 20	Nov. 13	Year ago (approx)
	6.26	6.51	6.48	5.48

STANDARD AND POORS

	Nov. 30	Nov. 27	Nov. 25	Nov. 24	Nov. 23	Nov. 20	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls..	140.90	133.51	138.97	137.44	135.18	135.19	157.02 (8/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	126.35	125.09	124.05	123.51	121.60	121.71	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Nov. 18	Nov. 11	Nov. 5	Year ago (approx)
Ind. div. yield %	5.41	5.29	5.18	4.22
Ind. P/E Ratio	8.18	8.36	8.51	9.69
Long Gov. Bond yield	12.68	13.25	13.60	11.95

NY. S.E. ALL COMMON

Rises and Falls

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

FRANCE

ITALY

DENMARK

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

COMMODITIES AND AGRICULTURE

Second call for Rubber Pact funds

By Wong Sulong in Kuala Lumpur

THE KUALA Lumpur-based International Natural Rubber Organisation (INRO) is planning to make a second call for funds from member governments soon to back up its buying operations in the market.

According to Malaysian rubber officials, the INRO executive director had sounded out various governments on the second call last week, and the quantum is being discussed.

The first call for 88m Ringgit was made on October 1 and so far, INRO has received 77m Ringgit from members.

The second call is expected to be similar to the first contributions, although the money is unlikely to be used for some time since INRO has so far spent only about 25m Ringgit to buy up 15,000 tonnes of lower grade rubber.

The INRO buffer stock manager can buy rubber when the INRO daily mean indicator price is below 179 Malaysian/Singapore cents per kilo.

Meanwhile, Datuk Paul Leong, Malaysia's primary industries minister, has told a World Bank team that the bank should consider financing part of Malaysia's rubber replanting programme.

A World Bank study has indicated a shortage of natural rubber in the 1980s, and has urged rubber producing countries to increase planting.

Call to re-impose Dutch flower ban

By Our Commodities Staff

THE NATIONAL Farmers' Union wants the Government to reimpose a ban on imports of Dutch chrysanthemums, cut flowers and pot plants.

Mr Peter Pearson, chairman of the NFU central horticultural committee, said yesterday that the ban was lifted in January this year after Dutch plant health authorities undertook to institute more rigorous inspection to prevent the export of plants infected with white rust disease and liriomyza.

But he said a number of serious incidents recently indicated that the Dutch had failed to honour this undertaking.

"It is really indefensible," he said, "that we should be subject to infested produce entering this country from another community member."

Further rise in cocoa stocks expected

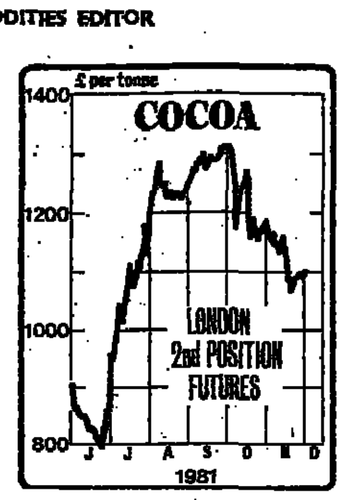
BY JOHN EDWARDS, COMMODITIES EDITOR

ANOTHER substantial surplus of cocoa production over demand is forecast by Gill and Duffus, London-based broker, in its latest market report.

It predicts that the net world crop will rise to a record 1.71m tonnes, against 1,637,000 in 1980-81, exceeding world consumption (up from 1.556m to 1.613m tonnes) by 97,000 tonnes. The report notes this will be the fifth annual surplus production in a row, making it the longest run of surpluses since 1958 to 1965. The ratio of stocks—forecast to rise from 591,000 in September this year to 688,000 tonnes next October—is expected to be the highest level since 1966-67.

However, the report emphasises that the actual supplies available to the market may be considerably less than the notional surplus.

The buffer stock of the International Cocoa Agreement already holds over 64,000 tonnes, and is expected to buy further substantial quantities. On present plans the buffer stock by the end of the 1981-82 season next September will be holding as much as 100,000 tonnes and perhaps as much as 160,000 tonnes if purchases can be arranged on a deferred payment basis.



In addition, the problem of evacuating cocoa from Ghana continues and this could result in 150,000 tonnes being held there by the end of the 1981-82 season. This would mean that unavailable cocoa stocks could total between 200,000 to 300,000 tonnes.

But Gill and Duffus point out that this cocoa will not disappear. The fact that it is around somewhere and can become available at a later stage is likely to have a depressing effect on market prices, even though they may be held above the "economic" level expected from the historically high world stocks.

Last week another broker, Holco forecast that the world surplus of supplies over demand would fall to a mere 12,000 tonnes in 1981-82, due mainly to deterioration in production prospects particularly in Ghana. It put world output at 1,597,000 tonnes against the Gill and Duffus forecast of 1,727,000 tonnes. However, the difference between actual supplies available may be much the same bearing in mind that large amounts of cocoa are locked away either in the buffer stock or in Ghana.

Tin trading still erratic

BY OUR COMMODITIES EDITOR

TIN PRICES continued to move erratically in highly nervous trading conditions on the London Metal Exchange yesterday.

By the close three months tin was £272.5 up at £8,210 a tonne, while the cash price was £35 higher at £8,390 a tonne—a sharp contrast with Monday when the gap was over £500 at one time.

During the day's trading, however, values fluctuated wildly with the cash price reaching a record peak of £8,480 briefly during the morning, before the influential dealer who has been dominating the market since July pushed the price back down again by offering cash tin at the lower level.

The three months quotation opened at a low of £7,980 premarket but was then bid up by other dealers seeking to cover previous sales and "square" their books.

It is believed the influential group, which holds the bulk of available tin stocks, is anxious to avoid charges of "cornering" the market, which could lead to official intervention.

The change of tactics in the past week, switching from supporting the three months quotation to the cash price, may have caused considerable confusion and heavy losses for some traders, but the basic price of tin has not changed greatly, although the Straits quotation in Penang has lost some ground.

While tin trading remains the dominant interest on the Exchange at present, other markets have been fairly active too.

Silver prices fell again yesterday to new two-year lows, and aluminium, lead and zinc also lost ground. It was reported in after-hours trading that Asarco had cut its U.S. domestic selling price for zinc by 2 cents, which will put further pressure on the European producer quotation of £1,000 a tonne.

There are also forecasts of further U.S. lead price cuts. In contrast, copper remained steady with the high grade cash price closing £4.5 up at £855.5 a tonne. Cash nickel also closed £45.5 up at £2,740.5 a tonne, mainly reflecting the weaker trend in sterling.

Scrap metal joint venture

THE PARTNERS of Philipp and Lion (the ring dealing member of the London Metal Exchange and international scrap metal merchants) and the directors of Valley Steel and Supply, of Phoenix, Arizona (the U.S. scrap metal merchants) announce the formation of a joint venture company Philipp and Lion U.S.A., owned 51 per cent by Philipp and Lion and 49 per cent by Valley Steel and Supply.

The company will principally engage in international and domestic brokerage in non-ferrous scrap metals. The purpose of the venture is to incorporate the brokerage supplies of non-ferrous scrap metals of Valley Steel with the world-wide outlets of Philipp and Lion's international connections.

Bid to end sugar price dispute

By Larry Klinger in Brussels

THE 60 Third World countries grouped together under the European Community's special Lome trade and aid pact have called for a "last resort" Joint Council of Ministers if their protracted sugar price dispute with the EEC is not resolved next week.

The committee of EEC ambassadors from the African, Caribbean and Pacific Ocean (ACP) group of countries yesterday told the ten EEC member-countries' permanent representatives to Brussels that they had asked their world executive body to call an extraordinary council session for December 14 if the EEC Foreign Ministers do not produce an increased price offer at their meeting next week.

The seven-month-old dispute centres on the unprecedented decision by the EEC member states not to give ACP cane producers the same price increase as that awarded to European beet farmers.

The ACP producers were offered in April a 7.5 per cent rise for the 1.3m tonnes of cane sugar they are allowed to export annually to the EEC, whereas the beet producers were given 8.5 per cent, which is now the ACP minimum demand.

South Africa to export molasses

JOHANNESBURG — South Africa will export about 50,000 tonnes of molasses this season, Pure Cane Molasses managing director, Mr Trevor Hill, said.

He told Reuters from Durban that South Africa was forced to import molasses last year for the first time, buying 40,000 tonnes from Mauritius and Swaziland because of a severe drought in cane growing areas which cut the domestic sugar crop by over 22 per cent.

South Africa's total molasses output this season is estimated at 714,000 tonnes against 605,482 tonnes.

However, with domestic consumption rising sharply and projected at around 1.5m tonnes annually by the year 2 000 against 600,000 to 700 000 tonnes at present, South Africa could become a long-term net importer, he noted.

CHRISTMAS TURKEYS

No shortage in spite of import ban

BY RICHARD MOONEY

TURKEY SUPPLIES for the UK Christmas market should be more than adequate this year, in spite of the effective import ban resulting from Britain's new fowl pest laws.

"There will be no shortage this year," promised Mr R. W. Twiddle, chairman of the British Turkey Federation, yesterday. Although turkey farmers have had their most difficult year yet they had increased production to meet demand, he said.

Frozen turkeys, which account for around 8m out of the 11m birds consumed in Britain each Yuletide, will be somewhat cheaper than last year at around 50p a lb, the federation forecast. But the National Farmers' Union expects fresh birds to be 4-6p a lb dearer with farm-gate prices in South-East England ranging from 92p a lb for small birds down to 70p a lb for those of 20 lbs and over.

Even the fresh bird price will be hardly higher than the level ruling in 1978, however and the frozen birds will be around the same level as in 1979. In the last year alone red meat prices have risen by 10-16 per cent, Mr Twiddle pointed out.

The import ban imposed in September as part of a new control policy for Newcastle disease (fowl pest) was widely interpreted as a ploy to keep out cheaply-produced French turkeys. But while the French had struck fear into the hearts of UK producers, they had not won a significant share of the traditional Christmas whole bird market. Their main inroads had been in the turkey portions sector in which British producers are notoriously weak.

The ban is reported to have resulted in the loss of some important French supply contracts with UK retailers, but these supplies will be easily made up out of domestic production which might otherwise have been diverted to cold stores.

By November 6 these had been reduced dramatically from last year's excessive level of over 30,000 tonnes but still remained at a comfortable 19,000 tonnes.

A survey of young turkeys taken in the summer by the NFU did not support Mr Twiddle's claim of increased output. It showed a drop in domestic production compared with 1980. But the union's turkey committee remained convinced that Christmas supplies of fresh birds would be "quite sufficient."

"We advise the housewife, however, to place firm orders early with her butcher, to make absolutely sure she gets the exact weight she wants, as some weight ranges may be less plentiful than others," said committee chairman Mr Bill Leek.

The Compassion in World Farming pressure group is campaigning more strongly than ever this year to keep the traditional turkey off as many festive boards as possible. As an alternative the group is promoting nut and mushroom roast served with Bisto gravy, brussel sprouts and vegetarian stuffing.

In a joint campaign with the Animal Aid group, Compassion in World Farming is mounting a series of demonstrations and delivering 500,000 leaflets in an effort to persuade Britons to choose a "cruelty-free Christmas."

"An orgy of animal killing is irreconcilable with the most important religious festival in our calendar," it argues.

Up to 20,000 young turkeys are often reared in one dimly-lit shed before being transported to slaughter houses in tightly packed crates, the groups claim. "Wings and legs are often broken in catching and transport. At the packing station they are hung upside down for as long as six minutes on a moving conveyor belt before their throats are cut."

Aid sought for meat production

BY BRIJ KHINDARIA IN GENEVA

AFRICAN and Latin American countries are seeking $130m from the UN to pay for projects to improve livestock and meat production.

African countries have submitted 21 projects and the Latin Americans 13 projects. The African projects focus mainly on training personnel and controlling disease among animals. The Latin American projects are aimed at balancing benefits for the region as a whole and lessons learned could be applied to the entire continent.

The requests have been made as part of discussions sponsored by the UN Conference on Trade and Development (UNCTAD) which is running a programme aimed at concluding international agreements for 18 commodities, including meat.

But a market stabilisation arrangement is not envisaged for meat since market conditions are discussed under a separate accord in an International Meat Council created within the General Agreement on Tariffs and Trade (GATT) as part of the Tokyo Round trade package completed in 1979.

Consequently, at their current session the experts are only discussing criteria for selection of projects aimed at improving output.

Mr Indrajit Chadha, officer-in-charge of Unctad's commodities division, said that separately from the talks concerning meat and livestock, seminars held in developing countries had concluded that hides and skins should be added to the list of commodities for which international agreements are being negotiated.

The experts will also consider asking Unctad's committee on commodities to add hides and skins to the list of commodities for which international agreements are being discussed. World trade in hides and skins is estimated at $3bn and would far outweigh trade in other agricultural commodities if the value of leather and leather-made exported goods were included.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. The main feature was a sharp narrowing of the backwardation in Tin, where cash metal closed at £8,350 with three months at £8,210. Copper closed at £875.5 with the contango narrowing to around £14. Lead was finally £346, Zinc £434.5, Aluminium £583.5 and Nickel £2,760.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
HighGr'de	£	£	£	£
Cash	862-.5	+15	855-.6	+4.5
3 mths	876.5-7	+10	869-.5	+5
Settlem't	863	+15	—	
Cathodes				
Cash	857.5-8	+14	850-.1	+4.5
3 months	872-.5	+15	865.5-6	+5.25
Settlem't	858	+15	—	
U.S. Prod.	—		*73.5-84	

Amalgamated Metal Trading reported that in the morning cash high grade copper traded at £862, 61.5, 62; three months £872, 73, 72.5, 72, 72.5, 73, 74, 75, 74.5. Standard: Cathodes: Cash £860, 57, 57.5; three months £873, 72. Kerb: Higher Grade: Three months £876, 75, 76. Afternoon: Higher Grade: Three months £871, 71.5, 70, 69.5. Standard Cathodes: Three months £865.5. Kerb: Higher Grade: Three months £873, 72, 72.5, 73, 74, 75, 75.5. Turnover: 23,350 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8430-40	—20	8380-400	+35
3 months	8190-200	—210	8200-20	+272½
Settlem't	8440	—200	—	......
Standard				
Cash	8430-40	—20	8380-480	+35
3 months	8430-40	—20	8200-20	+272½
Settlem't	8440-20	—20	—	......
Straits E.	£835.40	—8.24	—	......
New York	—	......		

Tin—Morning: Standard: Cash £8,350, 8,450, 8,480, 8,440; three months £8,120, 8,100, 8,090, 80, 90, 8,100, 8,110, 25, 50, 75, 80, 75, 8,200, 8,190. Kerb: Standard: Three months £8160, 70. Afternoon: Standard: Cash £8,350, 60; three months £8,170, 70, 80, 90, 8,200. Kerb: Standard: Cash £8,360; three months £8,220, 10, 15, 10. Turnover: 5,990 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	335.5-6	+1.5	337.5-8	+2.5
3 months	344.5-5	+2.75	344.5-5	—2
Settlem't	336	+1.5	—	
U.S. Spot	—		*32-6	

Lead—Morning: Cash £336, 37, 39; three months £346, 47, 46, 45. Kerb: Three months £345, 45.5. Afternoon: Three months £344, 44.5, 45, 44, 43, 44, 45. Kerb: Three months £346, 46. Turnover: 18,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	424.5-5	+1.75	424.5-5.5	—1.5
3 months	433-.5	+1.75	433.5-4	—4
S'ment	425	+1.5	—	
Primw'st	—		*46.75-50	

Zinc—Morning: Cash £424.5; three months £432, 32.5, 33, 32, 33. Kerb: Three months £433.5, 34. Afternoon: Three months £432, 33, 32.5, 32. Kerb: Three months £432.5, 33, 34, 34.5. Turnover: 7,950 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	581-2	—1.5	581-.8	—5.75
3 months	583-4	—1	583.5-4	—6

Aluminium—Morning: Cash £561; three months £584, 83, 82, 81.5, 81, 82, 83. Kerb: Three months £586. Afternoon: Three months £583, 84, 83.5. Kerb: Three months £584. Turnover: 8,025 tonnes.

Nickel—Morning: Three months £2,710, 20. Kerb: Three months £2,715, 20, 35, 25. Afternoon: Three months £2,725, 40, 45, 50. Kerb: Three months £2,745, 40, 30. Turnover: 758 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2710-20	+57.5	2740-1	+45.5
3 months	2715-20	+30	2745-50	+52.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.8p an ounce lower for spot delivery in the London bullion market yesterday at 412.8p. U.S. cent equivalents of the fixing levels were: spot 806.8c, down 19c; three-month 828.8c, down 18c; six-month 855.5c, down 19.7c; and 12-month 911.4c, down 20.5c. The metal opened at 413-416p (812-817c) and closed at 411-412p (802-807c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	412.80p	—6.8	413.0p	—2.5
3 months	427.00p	—6.4	427.5p	—1.0
6 months	444.30p	—6.3	......	
12months	471.30p	—7.8	......	

LME—Turnover: 88 (107) lots of 10,000 ozs. Morning: Three months 428.0, 27, 26.5, 26, 25. Kerb: Three months 425.5. Afternoon: Three months 428. Kerb: Three months 428, 29.

COCOA

Having opened lower as due futures traded within the recent, narrow range until a rally raised levels to the highs during the final call, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec.	1097-99	+18.0	1100-074
March	1103-04	+13.0	1106-080
May	1009-10	+10.0	1100-093
July	1118-19	+6.0	1119-04
Sept	1123-27	+3.5	1120-15
Dec	1140-45	+7.5	1135-34
March	1148-60	+10.0	—

Sales: 2,252 (2,756) lots of 10 tonnes.

ICCO—Daily price for December 1: 93.63 (93.19); Indicator price for December 2: 93.38 (92.97).

COFFEE

In line with a steadier "C" close, London opened higher, reports Drexel Burnham Lambert. Prices continued to advance in light volume until a lower New York market prompted selling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1076-77	—11.0	1103-73
Jan	1063-64	—	1083-67
March	1062-63	—4.0	1078-59
May	1060-63	—	1078-60
July	1060-62	—2.0	1078-57
Sept	1057-62	—0.5	1075-73
Nov	1060-65	—	—

Sales: 3,383 (3,275) lots of 5 tonnes.

ICO 1979 indicator prices for Nov 30 (U.S. cents per pound): Comp daily 120.49 (120.61); 15-day average 124.55 (124.82).

GAS OIL FUTURES

After a weaker opening in light conditions the market fell further in later trading with heavy commission house selling in the far months, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	324.25	—2.25	326.00-24.25
December	324.50	—2.00	328.25-24.50
January	324.00	—2.50	326.00-24.00
February	323.25	—2.50	325.25-23.50
March	321.00	—3.00	321.50-21.00
April	321.00	—3.00	323.25-20.00
May	322.00	—2.00	322.50-22.00
June	323.75	—0.50	—
July	324.00	—	—

Turnover: 1,084 (486) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 487 tonnes. Further transactions resulted in a sustained offtake, with constant support in African growths. Additional interest was evident in North and South American qualities.

GRAINS

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Jan	108.65	+0.30	104.40	+0.10
Mar	111.70	+0.25	107.45	+0.15
May	114.75	+0.50	110.35	+0.20
July	117.65	+0.15	—	—
Sep	105.85	—0.20	100.75	—0.05
Nov	109.40	—	104.50	—

Business done—Wheat: Jan 108.65-108.30, March 111.70-111.35, May 114.70-114.40, July 117.45 only, Sept 106.05-106.00, Nov 109.40-109.25. Sales: 173 lots of 100 tonnes. Barley: Jan 104.40-104.20, March 107.45-107.30, May 110.35-110.05, Sept 100.75 only, Nov 104.40 only. Sales: 123 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Dec 111.00, Jan 112.00 transhipment East Coast seller. English Feed fob, Dec 110.25 East Coast, Jan/March 114.00 East Coast sellers. Maize: French first half Dec 128.50, second half Dec 129.50, Jan 131.00 transhipment East Coast quoted. S. African White/optional Yellow, Dec 83.00 seller. Barley: English Feed fob, Dec 106.50 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: W Mids 107.00. Feed barley: S East 101.20, W Mids 102.50, N West 101.80. The UK Monetary Coefficient for the week beginning Monday December 7 (based on HGCA calculations using five days' exchange rates) is expected to change to 0.920.

RUBBER

The London physical market opened easier, attracted little interest throughout the day, and closed quiet. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 209.5 (210.5) cents a kg and SMR 20 268.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Jan	52.40-52.50	52.50-52.40	52.40
Feb	52.40-53.40	52.10-53.50	—
Jan-Mar	52.40-52.50	52.40-52.70	52.70-52.50
Apl-Jne	58.20-56.50	56.10-56.20	56.56-56.80
Jly-Sept	58.50-59.50	59.10-59.20	59.60-59.10
Oct-Dec	62.70-62.90	62.50-62.70	62.50
Jan-Mar	65.90-66.20	66.00-66.10	66.00
Apl-Jne	69.10-69.30	69.10-69.20	69.50-68.80
Jly-Sept	71.90-72.50	72.10-72.20	72.10

Sales: 295 (137) lots of 15 tonnes and 3 (15) lots of 5 tonnes.

Physical closing prices (buyer) were: Spot 51.50p (51.25p); Jan 51.75p (same); Feb 52.00p (same).

SOYABEAN MEAL

The market opened slightly steadier in thin trading, reports T. G. Roddick, and remained firm.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	124.80-25.0	+1.10	125.10-25.00
February	127.40-27.5	+1.00	127.50-26.70
April	129.50-30.0	+1.20	129.70-28.50
June	150.50-31.5	+0.85	151.20-30.20
August	132.50-33.0	+1.25	131.90
October	132.00-35.5	+0.50	—
Dec	135.00-36.5	+0.25	—

Sales: 53 (95) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 372, 374, nil; Jan 370, 376, 375-374; March 379, 383, 383-382; May 389, 392, 392-391; Aug 406, 407, 407; Oct 410, 412, 412-411; Dec 416, 418, 417; Jan 419, 321, 420-419; March 427, 429, 428; May 432, 438, nil. Sales: 84.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 486.8, 486.8, 488.0-485.5; March 496.0, 496.0, 497.0-495.0; May 508.0, 509.0, 509.5-508.5; July 515.5, 516.5, 517.0-516.0; Oct 514.0, 515.0, 515.5-514.5; Dec 520.0, 521.0, 521.0-520.0; March 526.0, 529.0, untraded; May 532.0, 534.0, untraded. Sales: 187.

SUGAR

LONDON DAILY PRICE—Raw sugar £159.00 (£164.00) a tonne cif Dec-Jan shipments. White sugar daily price £166.00 (£171.50).

The market opened slightly lower and drifted in quiet trading. Improving New York quotations produced more buying interest and all the losses were recovered by the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	165.00-66.00	165.00-66.25	165.50
March	169.10-68.25	167.75-67.80	169.25-68.15
May	170.05-70.20	170.05-70.10	171.25-68.25
Aug	173.00-73.10	173.15-73.20	175.00-71.00
Oct	176.00-76.20	177.50-77.75	176.50-76.00
Jan	178.00-79.00	171.00-77.75	—
March	182.00-84.00	155.00-84.00	—

Sales: 3,112 (5,727) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £263.50 (£274.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for November 30: Daily price 12.77 (12.75); 15-day average 11.98 (11.94).

POTATOES

LONDON POTATO FUTURES—Follow-through buying hit stop loss levels, April reaching £99.20 before retracting to £98.20. Fresh buying and short covering moved prices higher again to close just under the highs. November drifted slightly with little interest, reports Coley and Harper. Closing prices: Feb 87.30, +1.30 (high 87.50, low 86.50); April 99.00, +1.50 (high 9.20, low 97.50); Nov 68.00, —0.20 (high 68.20, low 68.10). Turnover: 278 (98) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 81.0 to 84.0. Veal: English Fats 99.0 to 105.0; Dutch hinds and Ends 132.0 to 134.0. Lamb: English Small 72.6 to 79.5, Medium 74.0 to 78.0; Imported Frozen—New Zealand PL 62.0 to 62.5, YLs 58.0 to 53.0. Pork: English, under 100 lb 45.0 to 56.0, 100-120 lb 48.0 to 54.5, 120-160 lb 42.0 to 53.5.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB-Cattle 98.07p per kg lw (+1.37). UK-Sheep 179.09p per kg est dcw (+9.96). GB-Pigs 78.78p per kg lw (+0.01).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Moroccan: Navels 48/113 4.20-4.50; Outspan: Valencia Lates 48/56/72 4.40, 88 3.60, 112 3.30, 138 3.25, 150 3.25; Spania: Navels/Navelinas 42/130 4.00-4.80. Clementines—Spania: 4.50-5.00; Moroccan: 2/6 3.50-4.50. Satsumas—Spania: 3.00-3.50. Lemons—Outspan: 85/162 4.50-6.00; Cypriot: 3.30-4.00; Jaffa: 150 5.00; Italian: 60/150 4.50; Spania: 40/50 2.40-2.50. Grapefruit—U.S.: Pink 32/48 7.00-8.00; Cypriot: Large cartons 3.60-4.80, small cartons 3.00-3.40; Cuban: Pink 2.00-2.50. Ugelos—Jamaican: 64/113 4.50. Apples—French: New crop, Golden Delicious 20-lb 3.30-3.60, 40-lb 6.50-7.50, Stark Crimson 40-lb 7.00-8.00, 20-lb 3.40-4.00, Granny Smith 7.50-8.50; U.S.: Red Delicious 9.00-13.00; Hungarian: Starking 7.00; Dutch: Golden Delicious 26-lb 4.50, Cox's 26-lb 4.80-5.20. Pears—Dutch: Comice 14-lb 3.80-3.50, Conference, per pound 0.14-0.18. Peaches—Zimbabwean: 5.00-5.50. Plums—U.S.: Per pound 0.48-0.50. Grapes—Spanish: Almeria 11-lb 2.20-2.80, Negra 3.20-3.80, Italia 5.00. Cherries—S. African: 1.20. Strawberries—Kenyan: 8-oz 0.80-1.00; New Zealand: 8-oz 1.00-1.30; Israeli: 1.10. Raspberries—S. African: 1.80. Blackberries—S. African: 0.50. Melons—Spanish: 10-kg, green 4.80-5.00. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50, small box 3.50; Israeli: 3.50-4.00. Mangoes—Kenyan: 8/16 6.00; Brazilian: 8.00-9.00. Pomegranates—Spanish: 24/60 3.60-4.20. Dates—Tunisian: 30 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8-oz 0.19-0.20. Tomatoes—Dutch: 3.60; Spanish: 2.00-2.80; Canary: 2.00-3.20; Moroccan: 2.00. Onions—Spanish: Grano 3/5 3.00-4.00. Capsicums—Dutch: 5-kg, red 4.90, green 6.75-7.00, yellow 6.0016.50. Cabbages—Dutch: White 2.60, red 3.00. Celery—Israeli: 3.60; Spanish: 3.40-3.60. Chillies—Dutch: 3-kg 4.50. Carrots—Dutch: 20-lb 2.10, pre-pack 3.20. Lettuce—Dutch: 24 3.00-3.40; French: Batavia 5.00-5.50; Cypriot: Cos 14/18 5.00-5.50. Cucumbers—Canary: 2.60-2.80; Greek: 1.80-2.00. Chicory—Belgian: 3-kg 2.40-2.60. Endive—French: 5.00-5.50. Fennel—French: 9-lb 4.00-4.50; Italian: 25-lb 4.00-4.50; Dutch: 11-lb 4.00-4.50. New Potatoes—Jersey: Per pound, Royal 0.14, Maris Peer 0.10-0.12; Canary: 0.18-0.20; Italian: 0.17; Cypriot: 4.80-5.00. Asparagus—New Zealand: Per pound 2.50-3.00; Australian: 2.50-3.00; S. African: 1.80-2.00. Chestnuts—Italian: 5-kg 2.50-4.50; Spanish: 5-kg 2.50-4.50. Walnuts—Chinese: Per pound 0.44-0.45; U.S.: 0.60. Brazils—Per pound 0.40-0.42. Filberts—Per pound 0.38-0.40. Almonds—Per pound 0.48-0.50. Pecans—Per pound 0.95-1.00. Muscatels/Almonds—Spanish: 8-oz 0.45.

English Produce: Potatoes—Per 55-lb, White 2.20-2.50, red 2.50-2.80, King Edward's 2.80-3.10. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley 0.22, Cox's 0.20-0.28, Laxton's 0.14-0.20, Russets 0.15-0.25. Pears—Per pound Conference 0.14-0.19, Comice 0.18-0.22. Cauliflowers—Per 12, Kent 3.00-4.00, Lincoln 2.00-3.00. Cabbages—Per 30-lb bag, Primo/Jan King 1.00-1.50. Lettuce—Per 12, round 1.20-1.60. Radishes—Per 12 x 8-oz pack 1.40. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.00-2.60. Carrots—Per 26/28-lb 0.70-1.00. Beetroots—Per 28-lb, round 0.80-1.20, long 1.20. Parsnips—Per 28-lb 1.20-2.00. Swedes—Per net 0.70-1.00. Leeks—Per 10-lb 1.20-1.60. Sprouts—Per 20-lb 1.40-2.00. Turnips—Per 28-lb 1.20-1.40. Celery—Per 16/36, Hassey 3.50-4.00. Brussels—Per 25-lb 1.20-1.40. Spring Greens—Per 25-lb 1.50-1.80. Savoys—Per 25-lb 1.00-1.20.

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.70-£6.80, codling £3.50-£4.90; large haddock £4.80-£5.50, medium £2.80-£4.00, small £2.20-£3.20; large plaice £8.00-£8.20, medium £8.00-£8.60, best small £6.50-£8.90; medium skinned dogfish £7.50-£8.00; large lemon soles £14.00, medium £11.50; rockfish £2.40; saithe £3.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 1 1981	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1075/1095	—10	$1100/150
Copper			
Cash w'bar	£855.5	+4.5	£896.5
3 mths	£869.25	+4	£924.75
Cash Cathode	£850.5	+4.5	£889.5
3 mths	£865.75	+5.25	£919.5
Gold, troy oz	$402.5	—6.5	$438
Lead Cash	£336	—0.5	£369.5
3 mths	£344.75	—2	£382.25
Nickel	£3678.69	—508.5	£4,189.5
Free mkt	230.280c	—4	235/285c
Platin'm'tr'y oz	£260	......	£260
Freemkt	£204.35	+1.15	£221.40
Quicksilvert	$420/425	+3.5	$420/425
Silver troy oz	412.80p	—6.8	482.15p
3 mths	427.00p	—6.4	501.10p
Tin Cash	£8,390	+35	£8152.5
3 mths	£8,210	—272.5	£8401.5
Tungsten22.01lb	$158.06	......	$142.61
Wolfrm 22.04lbs	$127/131	......	$136/141
Zinc Cash	£425	—1.5	£499.5
3 mths	£432.75	—4	£513.75
Producers	$100v	......	$1000
Oils			
Coconut (Phil)	$570w	—2.5	$582.5
Groundnut	‡		‡
Linseed Crude	£485	......	£460
Palm Malayan	$487.5z	—5	$512.5
Seeds			
Copra Philip	$358		‡
Soyabean(U.S.)	$260.5	+1.5	$265
Grains			
Barley Fut.Mar	£107.45	+0.15	£103.80
Maize	£128.5	......	£127.25
Wheat Fut.Mar	£111.70	+0.25	£108.95
No3 HardWint	‡		‡
Other commodities			
Cocoa ship't*	£1,174	+12	£1,260
Future Mar.	£1103.5	+13	£1181.5
Coffee Ft' Jan.	£1063.5	......	£1151
Cotton A.Index	68.50c	—0.15	74.90c
Gas Oil Dec.	$324.5	—2	$326
Rubber (kilo)	51.50p	+0.25	56p
Sugar (Raw)	£159vx	—5	£165
Wool't ps 64s kl.	370p kilo	......	352pkilo

‡ Unquoted. w Dec-Jan. x Jan. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, December 1.

Precious metals declined under pressure from rallies in financial instruments. Copper was sharply higher because of a successful mint tender and hedge lifting. Coffee came under pressure from commission house stop-loss selling based on reports of a long-term trend towards world surpluses. Heating oil was sharply lower with technical selling, reports of a continued glut and shipping spoil crude oil price. The livestock markets sold off sharply in anticipation of larger marketings following the extended storm in the central part of the country. Grains and soyabeans rallied sharply with massive short covering which initiated in maize, reported Heinold.

Copper—Dec 74.20-74.25 (73.25), Jan 74.80 (74.05), Feb 75.60, March 76.35-76.45, May 77.90-78.10, July 79.60, Sept 81.20, Dec 83.70, Jan 84.50, March 86.30, May 87.90, July 89.60, Sept 91.30.

*Gold—Dec 406.0-407.5 (408.3), Jan 409.3 (410.7), Feb 411.0-412.5, April 417.8-419.8, June 427.0, Aug 435.8, Oct 444.5, Dec 453.2, Feb 462.1, April 471.4, June 480.9, Aug 490.4, Oct 500.1.

*Platinum—Dec 392.6 (393.5), Jan 393.0-394.0 (396.2), April 402.5, July 413.1, Oct 424.7.

Potatoes (round whites)—Feb 70.3-70.5 (70.0), March 75.5 (74.8), April 84.7-85.0, Nov 76.5-77.5. Sales: 167.

¶Silver—Dec 808.0-812.0 (820.5), Jan 817.2 (827.7), Feb 825.2, March 832.5-834.0, May 850.0-853.0, July 870.5, Sept 889.0, Dec 917.0, Jan 926.3, March 944.8, May 963.3, July 981.8, Sept 1,000.3. Handy and Harman bullion spot: 803.00 (813.00).

Sugar — No. 11: Jan 12.60-12.75 (12.76), March 12.96-12.98 (13.01), May 13.15-13.16, July 13.34, Sept 13.56-13.57, Oct 13.78-13.80, Jan 13.88, March 14.38-14.45. Sales: 7,685.

Tin—735.00-745.00 (735.00-750.00).

CHICAGO, December 1.

Lard—Chicago loose 21.00 (21.25).

Live Cattle—Dec 62.60-62.52 (62.62), Feb 62.45-62.35 (62.35), April 62.20-62.30, June 62.85-62.95, Aug 62.55-62.60, Oct 61.70, Dec 62.30.

Live Hogs—Dec 43.52-43.65 (43.40), Feb 45.45-45.60 (45.52), April 43.70-43.60, June 45.75, July 46.55, Aug 46.20, Oct 44.35, Dec 45.80, Feb 46.90.

‡‡Maize—Dec 268¾-266¾ (261¼), March 284¾-285 (280¾), May 294¾-295¼, July 301-301¼, Sept 303¾-304, Dec 309¼-309½.

Pork Bellies — Feb 59.00-59.20 (60.10), March 59.00-59.25 (60.20), May 60.00-60.20, July 61.10, Aug 60.60.

†Soyabeans—Jan 655-656 (646½), March 672-671 (662¾), May 687½-687, July 700-700½, Aug 702, Sept 701, Nov 702½, Jan 717½, March 734½.

¶Soyabean Meal — Dec 189.2-189.0 (187.4), Jan 191.8-192.0 (189.8), March 195.0-195.8, May 199.5, July 203.0, Aug 203.0, Sept 203.0, Oct 203.0, Dec 206.0.

Soyabean Oil — Dec 20.18-20.25 (19.77), Jan 20.52-20.55 (20.13), March 21.15-21.13, May 21.60-21.62, July 22.17-22.15, Aug 22.25, Sept 22.35, Oct 22.25-22.40, Dec 2.70.

†Wheat—Dec 416-416¼ (416½), March 439½-439 (439½), May 447½-448½, July 444½-445, Dec 470.

WINNIPEG, December 1.

§Barley—Dec 117.10 (116.00), March 124.40 (123.70), May 128.40, July 130.00, Oct 133.10.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—Dec 1904 (1924), March 1911 (1945), May 1950, July 1980, Sept 2000, Dec 2040, March 2080. Sales: 1,751.

Coffee—"C" Contract: Dec 136.50-136.95 (138.50), March 129.50-129.90 (130.15), May 126.00-126.40, July 125.00, Sept 123.50-124.00, Dec 123.25-123.50, March 122.50-123.00. Sales: 3,145.

Cotton—No. 2: Dec 61.35 (60.50), March 63.78-63.81 (63.42), May 65.28-65.30, July 66.68, Oct 68.50-68.75, Dec 69.56-69.60, March 70.75-70.95, May 71.70-72.00. Sales: 4,200.

Orange Juice—Jan 125.60-125.75 (133.55), March 126.30-126.60 (124.40), May 127.70, July 128.80, Sept 130.20-130.40, Nov 131.50-131.60. Sales: 1,700.

CHICAGO, Nov. 30.

Chicago Imm Gold—Dec 408.5-409.0 (414.4), March 416.5-417.0 (424.4), June 429.0-428.0, Sept 441.1, Dec 453.6, March 463.3, June 479.2, Sept 492.3.

EUROPEAN MARKETS

PARIS, December 1

COCOA—(FFr per 100 kilos): Dec 1165/1195, March 1200/1202, May 1200/1220, July 1230 bid Sept 1242/1262, Dec 1260 bid, March 1270 bid. Sales at call: 26.

SUGAR—(FFr per tonne): March 1858/1859, May 1905/1908, July 1920/1940, Aug 1950/1960, Oct 1985/2010, Nov 1985/2010, Dec 2030/2050, March 2050/2080. Sales at call: 2.

ROTTERDAM, December 1.

Wheat — (U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: mid Dec/mid Jan 213, mid Jan/mid Feb 215. U.S. No. 2 Red Winter: Dec 181, Jan 187, Feb 190. U.S. No. 3 Amber Durum Dec 190, mid Jan/mid Feb 203. U.S. No. 2 Northern Spring, 14 per cent: Dec 192.50, Jan 205, Feb 206, March 209.50.

Maize — (U.S. $ per tonne): U.S. No 3 Corn, Yellow— Afloat 126, Dec 123.75, Jan 126, Feb 129, March 131.25, April/June 133, July/Sept 137.50, Oct/Dec 138.50.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Dec 254.50, Jan 260, Feb 265, March 268, April 270.75, May 272.75, June 274.75, July 277, Aug 277.80, Sept 277.80, Oct 279, Nov 279, Dec 286 sellers, April 270 traded.

Soyameal—(U.S. $ per tonne): 44 per cent protein, U.S.: Dec 233, Jan 235.50, traded afloat 235, Dec 234, Jan 235.50, Jan/March 240, April/Sept 247 sellers. Brazil Pellets: Afloat 249, Nov 249, Dec 253, Jan 257.50, Jan/March 258.50, April/Sept 255.50 sellers.

INDICES

FINANCIAL TIMES

Nov. 30	Nov. 27	Month ago	Year ago
245.79	246.52	259.61	268.07

(Base: July 1, 1952=100).

MOODY'S

Nov. 29	Nov. 27	Month ago	Year ago
985.1	986.2	1000.9	1296.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 29	Nov. 27	Month ago	Year ago
Spot	360.61	376.87	359.70	460.64
Fut rs	366.74	367.40	377.87	493.29

(Average 1924-25-26=100)

REUTERS

Dec. 1	Nov. 30	M'nth ago	Year ago
1603.3	1608.3	1645.3	1737.2

(Base: September 18, 1931=100)

Markets look tired as interest rate optimism fades

Falls to £1 in Gilts and Share index 7.0 off at 530.8

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets looked tired yesterday. The two main investment sectors turned lower as the continuing squeeze on short-term interest rates tempered Monday's revival of optimism about a reduction in base lending rates in the near future.

Underlying sentiment was also affected by uncertainty awaiting today's economic package from the Chancellor. As a consequence, potential buyers held off and leading industrials drifted lower in the course of a small trade. Apart from a short-lived technical rally around noon, the tone remained dull throughout the session and final quotations were only a shade above the day's lowest. The FT 30-share index closed 7 points down at 530.8, a modest reaction viewed against its upsurge of 75.9 in a little over five weeks.

Trading conditions were extremely quiet and features were confined to special situation stocks. The Property sector showed contrasting movements in Great Portland, down 8 at 182p, on the proposed £27m rights issue, and MEPC, up 8 at 248p, in response to better-than-expected preliminary results. Bank shares, a particularly good market of late, turned sharply lower following a broker's circular.

The overnight setback in U.S. bonds was an added factor unsettling the Gilt-edged market and quotations, which had turned slightly easier in Monday's late dealings, opened around ½ lower. Prices eased further before some buying interest developed, but the recovery movement soon fizzled out. Falls at the short-end of the market finally extended to ⅞, the £40-paid tap stock, Exchequer 14 per cent 1986, closing that amount down at 39½. Losses in the longs ranged to ⅞, and occasionally more, and the Government Securities index was 0.67 lower at 64.06.

Activity in Traded options contracted sharply yesterday reflecting the subdued business in the underlying securities. Total contracts arranged amounted to 1,032, under half Monday's 2,335. Calls completed totalled 738, of which Courtaulds attracted 187 and Imps 158.

Office equipment and business systems concern Equipu made a satisfactory debut in the Unlisted Securities Market with an opening of 81p and a close of 83p compared with the placing price of 80p. Nimslo, which made a poor debut on Monday, shed 15 more to 165p, while Moray Firth, dealt under Special Rule, eased 5 to 100p.

Banks react sharply

A particularly firm market of late—the FT-Actuaries sector index closed at its highest since compilation on Monday—clearing banks turned distinctly dull yesterday following a forecast in a broker's circular that this year's profits could be 5 to 10 per cent lower than in 1980. Barclays, 18 down at 452p, led the retreat. Lloyds shed 12 to 438p as did NatWest, to 408p, while Midland finished 10 off at 328p. Bank of Scotland relinquished 8 at 445p. Elsewhere, fears that the group could be involved in an expensive bid battle for control of Royal Bank of Scotland prompted a fall of 18 to 650p in Standard Chartered; RBS cheapened a couple of pence to 186p. Grindlays lost 4 to 200p, after 198p, following the liquidation of speculative positions in the absence of bid developments. Moorgate Mercantile hardened the turn to 16p on the increased interim profits and dividend.

Insurances drifted lower on sporadic offerings and lack of fresh support.

First-half profits from Allied-Lyons were better than general expectations, but the shares, which touched 76p in immediate response to the announcement, ended a fraction easier on balance at 74½p in line with the slightly easier tone elsewhere in equities. Whitbread, 143p, and Bass, 208p, shed 2 apiece. Regionals were featured by Home Brewery, which spurted 45 in a thin market to 570p following the increased annual profits and dividend. Other Nottingham-area concerns made useful progress in sympathy; Mansfield closed 4 to the good at 304p, while Hardys and Hansons, preliminary results due later this month, advanced 8 at 363p. Wines and Spirits usually finished with small losses. Distillers closing 4 lower at 177p, after 176p, and Arthur Bell easing a couple of pence to 144p.

Recently-firm leading Buildings were inclined easier. Wimpey losing 4 to 90p and Redland a couple of pence to 162p. Timbers also drifted lower ahead of the interim dividend season with Montague L. Meyer 2 off at 64p and International a penny cheaper at 82p. Magnet and Southerns gave up 4 to 140p. Elsewhere, Wiggins Construct added a penny to 73p on the announcement that the company is in discussions with Newarthill which may lead to a merger of the groups' contracting interests; Newarthill held at 405p. Revived demand in a thin market lifted IDC 5 to 78p. Rowlinson Constructions shed a penny to 42p following the interim results and John Carr (Doncaster), at 63p, relinquished the previous day's gain of 3 on second thoughts about the preliminary results.

ICI encountered another reasonable two-way business and fluctuated narrowly before drifting off late to close 6 cheaper on balance at 288p. Fisons softened 5 to 140p and British Benzol a penny to 19p, the latter following the interim figures.

Stores easier

Stores passed an exceptionally quiet session and the leaders gave up most of the gains established on Monday. Mothercare, 148p, Marks and Spencer, 127p, and House of Fraser, 178p, all shed 2, while Gussies "A" fell 5 to 418p and British Home declined 3 at 126p. Elsewhere, Harris Queensway, 112p, lost 4 of the previous day's rise of 10, while a more detailed appraisal of the disappointing interim results left Bremner 4 cheaper at 42p.

Plessey came on offer ahead of tomorrow's interim results and closed 8 lower at 334p. GEC, also reporting half-yearly figures tomorrow, eased to 776p but rallied to close unaltered on balance at 783p. Thorn EMI gave up 4 to 443p and Racal 5 to 413p; news of the latter's Austrian defence communications contract came too late to affect sentiment. Elsewhere in Electricals, MK at 230p, lost 6 of the previous day's rise of 14 which followed the better-than-expected interim figures. Farnell eased 7 to 510p and Unitech shed 10 to 205p. Berec, on the other hand, improved 2 to 133p, after 135p, on a Press suggestion that Hanson Trust might increase its offer for the company to 145p per share. Cray Electronic added 8 at 100p and Western Selection firmed 4 to 36p.

Tecalemit became a prominent dull counter in Engineerings, plummeting 7 to 37p on the announcement of the 52 per cent contraction in first-half profits and reduced interim dividend. Spear and Jackson met late selling and ended 10 down at 90p, while Braham Millar lost 4 to 24p; Fieldwood's 30p per share cash offer has now lapsed but the company is left with 29.1 per cent of BM's share capital. G. M. Firth contrasted with a rise of 4 to 157p on news that the group's property sale at West Bromwich has been completed. Vosper rose 8 to 133p and Yarrow 7 to 272p. Of the quietly dull leaders, Hawker shed 6 to 318p and GKN 3 to 171p while, in the wake of a sizeable put-through transacted on Monday, John Brown softened the turn to 78p.

Quiet conditions persisted in Foods. Kwik Save again lacked support and shed another 6 to 218p, while William Low, a good market recently on bid hopes, softened a couple of pence to 166p. William Morrison drifted off to close 5 cheaper at 160p, but Bejam hardened a couple of pence to 112p. Elsewhere, Hazlewood, still benefiting from an investment recommendation, added 7 more to 213p.

Hanson Trust firm

The increased profits and dividend and the proposed 100 per cent scrip-issue pleased followers of Hanson Trust and the shares, after touching 237p, closed 5 higher on balance at 234p. Hargreaves jumped 7 to 42p on consideration of the Board's confident statement which accompanied the interim results, while Channel Tunnel firmed 5 to 175p on revived interest in the channel link. Sangers shed 3 to 30p on the poor interim results and Brengreen lost 3½ to 49p following the announcement that Mr Tony Berry, an executive director, has resigned from the group. The miscellaneous industrial leaders drifted lower awaiting the Chancellor's economic package. Glaxo lost 8 at 420p as did Reed International, to 248p. Boots, at 198p, lost 6 of the previous day's Press-inspired rise of 9.

Travel concerns, particularly firm of late on sterling influences, encountered profit-taking. Horizon Travel slipping to 282p before closing 7 down on balance at 285p. Intasun softening only a penny to 93p and Saga Holidays lost 4 to 428p.

Motor sectors finished with moderate losses. Dowty were again briskly traded and shed 5 to 133p, while Lucas eased 4 to 214p. Among Distributors, Lex Service came on offer at 96p, down 3, while similar falls were seen in Harold Perry, 77p, and Henlys, 67p.

Depressed earlier by Great Portland Estates' proposed £27m rights issue, Properties rallied well following MEPC's better-than-expected preliminary results: the latter, standing 5 cheaper awaiting the figures, picked up on the announcement and touched 254p before settling a net 8 up at 248p after a good business. Great Portland Estates, a poor market recently in anticipation of the cash call, dipped to 182p, rallied to 186p and closed 8 down on balance at 182p. Land Securities, down to 308p in early dealings, rallied to end just a penny off at 315p, but Stock Conversion finished 10 down at 335p, after 335p. A particularly good market of late, London Shop Property, encountered profit-taking and relinquished 8 to 112p, but McInerney found fresh support in a thin market and added 4 to 24p. Cardiff Property retained a rise of 10 at 120p despite the lower annual profits, while Laganvale attracted fresh interest and hardened a fraction more to 27½p.

Berkeley Expln. fall

Secondary Oils displayed a dull feature in Berkeley Exploration which encountered persistent selling after recent strength and dropped to 355p before closing a net 30 down at 363p. Sun Oil UK, a thin market, fell 40 to 180p. The leaders again traded quietly with British Petroleum finally 2 dearer at 336p, after 332p. Shell, however, closed 6 off at 404p, after 402p.

A sizeable batch of company trading statements resulted in some interesting movements in Textiles. Atkins Brothers (Hosiery) featured with a jump of 8 to 58p following the sharply increased first-half earnings and higher interim dividend. David Dixon closed 6 better at 106p for a similar reason, but Leeds and District Dyers gave up 3 to 61p after the annual results. Profit-taking clipped 4 from Sirdar, 124p.

Tobaccos trended easier for want of attention. Good of late on institutional support, Bats eased 7 to 343p and Imps 2 to 88p.

Golds drift lower

Mining markets were generally dull yesterday, tending to drift downwards in line with other equities and metal prices. Gold fell steadily throughout the day, closing at $402.50 for a fall of $6.50, and the Gold Mines index gave up 8 points to 315.

South African Golds mostly lost ground, although no real selling pressure developed. Free State Geduld, 1⅜ down at £15⅞, and President Steyn, ⅞ off at £15¾, fared worst among the higher-priced issues, giving up all of the previous day's gains and more.

Falls of around ½ were common to Winkelhaak, £12¼, Kloof, £15¼, St Helena, £16⅞, Vaal Reefs, £32½ and President Brand, £15⅜.

Among the lower-priced stocks, Welkom lost 27 to 569p and Kinross 26 to 608p, while ERGO, at 333p, and Harmony, at 691p, both closed around 20 lower.

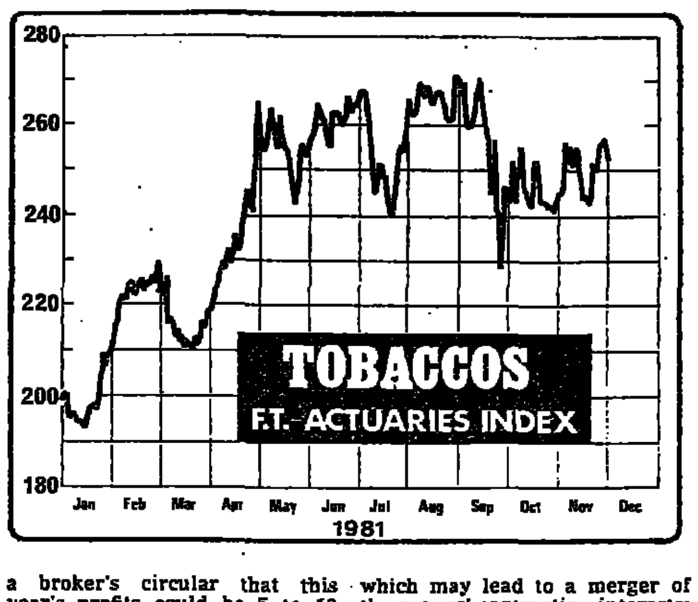
South African Financials were generally lower in line with Golds, showing Anglo American Gold down ⅞ at £42½ and Gold Fields of South Africa a similar amount lower at £37⅞. Anglo American gave up 30 to 650p. Gencor went against the trend with a rise of 20 to 880p.

In Diamonds, Anglo American Investment Trust gained ½ to £39.

London Financials were lower, as in Gold Fields, down 13 at 475p, and Rio Tinto-Zinc, 12 easier at 465p, but Charter were an exception; after opening lower in line with the market, the shares jumped 10 to 237p on the announcement of encouraging results for the first half of the year, before profit-taking clipped the rise to 3 at the close of 233p.

Australians had a quiet day, with most of the stocks a few pence easier in line with overnight domestic indications. Among the speculatives, Kitchener lost 10 to 110p.

In a thin market in Tins, Pengkalen extended their high for the year to 200p with a gain of 5 on renewed takeover hopes.



FINANCIAL TIMES STOCK INDICES

	Dec. 1	Nov. 30	Nov. 27	Nov. 26	Nov. 25	Nov. 24	A year ago
Government Secs.	64.06	64.73	64.40	64.36	64.70	64.12	70.50
Fixed Interest	64.53	64.75	64.65	64.58	64.54	64.16	71.83
Industrial Ord.	530.8	537.8	533.4	526.1	526.2	530.0	481.7
Gold Mines	315.0	323.0	320.5	320.7	318.4	298.2	517.5
Ord. Div. Yield	5.72	5.65	5.69	5.74	5.71	5.76	7.35
Earnings. Yld. % (full)	9.79	9.68	9.74	9.76	9.75	9.84	16.42
P/E Ratio (net) (*)	13.07	13.23	13.14	13.13	13.15	13.03	7.47
Total bargains	16,013	19,635	18,340	17,901	18,400	17,090	21,503
Equity turnover £m	—	110.26	134.35	149.22	137.12	111.80	119,495
Equity bargains	—	15,986	13,155	13,579	13,822	13,076	17,082

10 am 533.0. 11 am 532.5. Noon 529.9. 1 pm 531.6.
2 pm 531.9. 3 pm 531.5.
Latest Index 01-246 8026
*Nil=11.64
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35 Gold Mines 12/9/55. SE Activity 1974

HIGHS AND LOWS | S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (30/3)	60.17 (28/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (23/3)	61.61 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	263.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

—Daily	Nov. 30	Nov. 27
Gilt Edged Bargains	218.2	160.5
Equities Bargains	90.3	85.24
Value	282.9	251.3
5-day Avrge. Gilt-Edged Bargains	195.4	188.6
Equities Bargains	87.5	87.3
Value	255.8	265.4

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
‡80	F.P.	—	84	80	A & G Sec. Elect. 5p	82		b2.75	3.2	4.8	9.0
‡70	F.P.	30/11	73	68	Acme Jewellery	71		u3.7	2.8	7.4	6.1
168	F.P.	4/12	850	775	Asprey	800	−25	35.0	3.3	6.2	5.8
‡15	F.P.	8/1	205	181	Cable & Wireless 50p	194	−4	b6.3	2.2	4.6	14.4
‡35	F.P.	—	57	53	City Site	54		b0.6	1.2	2.1	54.4
80	F.P.	—	83	81	Equipu	83		bd5.1	1.9	8.9	8.2
140	F.P.	—	167	170	Exco 10p	170	−5	bd4.6	2.8	3.6	13.1
‡	F.P.	—	9	9	F & C Enter. Warrants	9					
‡90	F.P.	4/12	105	95	Feedback 10p	98		b2.0	3.0	3.4	14.7
‡80	F.P.	9/12	50	41	Gr'nw'h Cable Com.	41					
‡104	F.P.	2/12	18	18	Humberside Ci. 8p	18					
63	F.P.	3/12	78	69	Johnstones Paint 10p	72		b4.5	2.5	6.7	7.6
100	F.P.	—	117	100	Moray Firth Exp.	100	−5				
100	F.P.	—	100	100	NewAustralia Inv. 50p	101					
US$4.2	F.P.	—	205	165	Nimslo Int. 20c	165	−15				
‡	F.P.	—	7	7	Paragon Jown'$1 Wts.	7					
‡	F.P.	—	80	75	Saxon Oil	75	−5				
167	F.P.	18/12	70	68	Sheldon Jones	70		u3.3	2.4	7.1	7.8
62	F.P.	4/12	64	60	Television Southl 10p	33					
‡	F.P.	—	—	—	V.W.	—		bd3.84	3.3	8.7	6.7
‡	F.P.	—	5	4½	Vinors 1p	4½					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price £	+ or −
‡	F.P.	26/10	83½p	81p	Asprey 9½ Cum. Prf.	83p	
‡	F.P.	—	38p	36p	Cater Ryder 4.2 Cnd. Cum. Prf.	36p	
‡33p	F.P.	—	35p	32p	City Site Exts. 10% Cnv. Cum. Red. Prf.	35p	
100	F.P.	10/12	103	103	E. Worcs Waterworks 10% Red. Prf. '86	103	
100	£10	—	13	12	Essex Water 10% Red. Prf. 1986	13	
51p	F.P.	—	54p	52p	Inchcape 5% Cum. Red. Prf. 1990-2	54p	
‡	F.P.	—	142p	138p	Mcleod Russel 8.4% Cnv. Red. Cum. Prf	141p	−1
‡	F.P.	—	100½	100	Nat'wide Bdg. Soc. 15⅛% Bds 24.11.82	100½	
‡100	F.P.	13.11	102½	100½	Staffs. Pots. 10% Cnv. Cum. Prf.	102	
‡21	F.P.	—	88	80	Television South Loan '86-88	80	
‡	F.P.	—	135	115	Vinors 10% Cnv. Loan 1988	115	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
275	F.P.	13/7 2/12	334	229	BP	334	
20	F.P.	13.11 11.12	37	20½	Brown & Jackson	37	−4
2.545	Nil	—	66pm	60pm	CSR	64pm	−3
14	F.P.	27/11 6/1	24	18	Lancaster (D.M.)	24	+1
136	F.P.	2/12 15.1	17pm	8pm	Northern Foods	9pm	
7½	Nil	—	143	134	Raglan Prop.	11pm	
50	Nil	—	1pm	½pm	Strong & Fisher	1pm	+½
95cts	Nil	—	11pm	10pm	TNT	11pm	+½
20	F.P.	13.11 11.12	43	33	Websters	41	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ❋ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allied-Lyons	74½	+ ½	Distillers	177	− 4
Barclays Bank	452	−18	Gt Portland Ests.	182	− 8
Berkeley Expl.	363	−30	Hanson Trust	234	+ 5
Brengreen	49	+ 3½	MEPC	248	+ 8
BP	336	+ 2	Tecalemit	37	− 7
Charter Cons.	233	+ 3	Turner and Newall	89	− 2

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Nimslo Int.	29	180		Grand Met.	10	181	+ 4
GEC	13	783	+ 2	Lasmo	10	475	−10
Courtaulds	11	74		Rank Org	10	162	− 3
Automated Sec	10	183	+ 5	Sainsbury (J.)	10	490	+ 5
Boots	10	204	+ 9	Ultramar	10	507	+ 2
Dunlop	10	71	+ 1	BAT Inds.	9	350	
Glaxo	10	428	− 2	Barclays Bank	9	470	+ 5

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (18)

BRITISH FUNDS (2)
Treas. 8½pc '80-82 Treas. 3pc 1982
AMERICANS (1)
American Nat. Res.
BUILDINGS (1)
Benford Machinery
ENGINEERING (3)
Firth (G. M.) Weir Gp. 10pc Pref
Tyrell
FOODS (1)
Paterson Jenks
INDUSTRIALS (5)
Borg-Warner Pentland
Dunhill (Alfred) Portals
Harris (Ph.)
MOTORS (1)
Young (H.)
PROPERTY (1)
MEPC
TEXTILES (2)
Atkins Brothers Tomkinsons
MINES (1)
Pengkalen

NEW LOWS (13)

AMERICANS (1)
Simplicity
STORES (1)
Milletts Leisure
ENGINEERING (2)
Downiebrae Elliott (B.)
INDUSTRIALS (1)
Sangers
PAPER (1)
Transparent Paper
TEXTILES (1)
Yorks. Fine Woollen
TRUSTS (2)
Contreway Trust Kitchen Taylor
OIL & GAS (4)
Double Eagle Ldn. Am. Energy NV
Humboldt Energy Do. Wts.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	79	11
Corpns. Dom. and Foreign Bonds	2	22	49
Industrials	162	259	834
Financial and Props.	66	116	326
Oils	16	14	45
Plantations	7	4	15
Mines	82	80	92
Others	60	24	49
Totals	351	704	1,421

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5
Jan. 4	Jan. 15	Apr. 15	Apr. 26

For rate indications see end of Share Information Service

Calls were arranged in NCC, Rothmans International, Tace, Unigate, ICL, Central Pacific Minerals, Lonrho, Bryant, Town and City Properties, Daejan, Northern Foods and Ransome Hoffmann Pollard. Puts were taken out in BP, Royal Bank of Scotland and ICL, while doubles were completed in Trident TV, Courtaulds, Royal Bank of Scotland, Woodside and Town and City Properties.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Dec. 1, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Nov. 30 Index No.	Fri., Nov. 27 Index No.	Thurs., Nov. 26 Index No.	Wed. Nov. 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	348.74	−0.8	9.99	4.53	12.34	351.64	349.44	346.58	345.27	292.36
2	Building Materials (25)	305.15	−0.8	14.83	5.64	7.71	307.47	305.83	231.21	298.46	242.68
3	Contracting, Construction (28)	521.58	−1.1	10.20	5.30	6.42	527.36	525.09	515.69	510.74	420.76
4	Electricals (30)	1193.20	−0.6	7.64	2.41	16.33	1200.38	1194.02	1164.64	1179.60	963.45
5	Engineering Contractors (9)	423.73	−0.4	12.93	5.67	9.03	491.63	491.12	490.28	489.62	365.98
6	Mechanical Engineering (66)	189.69	−1.0	11.12	5.74	11.49	191.61	190.13	189.48	189.40	180.09
8	Metals and Metal Forming (12)	164.89	−1.5	8.25	7.37	16.17	167.46	166.27	166.72	167.82	147.77
9	Motors (21)	93.45	−2.0	—	7.27	—	95.33	94.51	93.44	93.33	94.11
10	Other Industrial Materials (18)	365.92	−0.8	9.05	6.17	13.40	369.75	366.01	363.16	362.01	0.00
21	CONSUMER GROUP (193)	268.27	−1.3	13.35	6.25	9.21	271.59	269.43	268.76	268.64	247.84
22	Brewers and Distillers (20)	277.24	−0.7	16.22	6.92	7.43	279.31	274.40	274.19	274.41	278.07
25	Food Manufacturing (21)	263.57	−0.6	15.59	6.45	7.74	265.16	264.13	263.83	264.69	217.50
26	Food Retailing (15)	524.93	−1.0	9.09	3.66	12.17	530.57	537.93	544.05	543.99	480.21
27	Health and Household Products (7)	341.51	−1.7	9.20	4.70	12.70	347.39	346.96	349.57	349.75	244.31
29	Leisure (24)	423.79	−1.1	9.65	5.25	12.88	423.79	422.28	422.35	423.31	367.60
32	Newspapers, Publishing (12)	432.11	—	12.73	6.25	11.33	432.83	478.85	476.13	476.11	438.37
33	Packaging and Paper (13)	131.00	−1.9	15.74	0.23	7.57	133.53	131.93	131.17	131.16	118.28
34	Stores (46)	240.59	−1.6	11.91	5.60	11.27	244.69	241.95	241.20	239.95	250.90
35	Textiles (23)	155.19	−1.6	9.75	6.31	13.59	158.71	157.62	153.13	149.38	124.23
36	Tobaccos (3)	251.74	−2.2	22.99	10.35	4.99	257.35	256.38	249.67	251.92	196.84
39	Other Consumer (14)	253.76	−0.9	7.29	7.12	23.22	255.69	251.94	251.95	254.19	0.00
41	OTHER GROUPS (80)	223.24	−1.1	10.02	6.19	11.93	225.77	224.90	221.06	221.74	219.56
42	Chemicals (16)	292.42	−1.7	5.46	6.14	20.79	297.44	297.50	290.14	292.04	297.04
44	Office Equipment (4)	111.25	−1.2	16.43	7.91	7.27	112.59	113.56	107.76	107.38	104.31
45	Shipping and Transport (13)	495.95	−0.6	21.56	7.43	5.52	499.99	494.54	495.46	498.37	570.61
46	Miscellaneous (47)	263.74	−0.6	12.12	5.60	10.25	265.42	263.13	260.69	260.63	269.83
49	INDUSTRIAL GROUP (487)	281.23	−1.1	12.75	5.53	10.55	282.32	259.40	280.49	280.12	257.65
51	Oils (13)	771.12	−0.4	18.46	7.32	6.13	773.35	770.61	758.40	761.29	1017.22
59	500 SHARE INDEX	328.26	−0.9	12.99	5.87	9.30	331.37	329.29	326.55	326.44	317.62
61	FINANCIAL GROUP (119)	256.70	−1.4	—	5.92	—	260.42	258.73	257.07	256.76	241.56
62	Banks (6)	283.29	−2.9	31.52	6.65	3.73	291.32	289.20	281.95	278.77	244.10
63	Discount Houses (9)	255.07	+0.4	—	8.65	—	255.08	255.08	254.85	250.35	208.08
64	Hire Purchase (3)	225.76	—	13.78	8.29	10.05	225.76	225.76	222.00	219.40	218.00
65	Insurance (Life) (9)	255.50	−1.6	—	6.26	—	259.53	257.78	257.58	258.28	251.85
66	Insurance (Composite) (10)	162.28	−1.2	—	8.25	—	164.31	162.55	163.14	162.77	155.92
67	Insurance Brokers (8)	411.45	−1.3	11.32	5.89	11.97	416.74	417.85	418.90	427.30	331.79
68	Merchant Banks (12)	151.87	−0.2	—	5.38	—	152.23	151.51	150.26	150.05	154.91
69	Property (50)	458.33	−0.1	4.52	3.16	29.76	458.90	458.22	458.61	461.14	452.13
70	Miscellaneous (12)	172.29	−2.2	17.49	6.12	6.92	176.08	173.98	172.21	171.03	168.26
71	Investment Trusts (110)	289.32	−0.2	—	5.59	—	289.83	287.35	287.24	285.73	282.66
81	Mining Finance (4)	237.08	−2.2	14.53	5.97	8.28	242.36	242.00	238.54	234.05	250.14
91	Overseas Traders (17)	412.99	−0.5	12.77	7.71	9.55	414.98	412.69	413.34	412.70	439.39
99	ALL-SHARE INDEX (750)	311.93	−1.0	—	5.90	—	315.14	313.15	310.80	310.41	302.42

FIXED INTEREST

	PRICE INDICES	Tues., Dec. 1	Day's change %	Mon., Nov. 30	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.14	−0.19	106.66	0.32	10.06
2	5-15 years	103.05	−0.77	103.85	—	11.21
3	Over 15 years	104.90	−0.98	105.94	—	12.60
4	Irredeemables	114.04	−0.91	115.32	0.23	13.73
5	All Stocks	104.41	−0.66	105.20	0.10	11.22
6	Debentures & Loans	80.82	−0.17	80.96	—	10.60
7	Preference	60.40	+0.02	60.39	—	6.68

	AVERAGE GROSS REDEMPTION YIELDS		Tues., Dec. 1	Mon., Nov. 30	Year ago (approx.)
	British Government				
1	Low	5 years	13.19	13.11	11.60
2	Coupons	15 years	13.55	13.40	11.59
3		25 years	13.49	13.36	11.59
4	Medium	5 years	15.50	15.33	13.12
5	Coupons	15 years	15.40	15.23	13.28
6		25 years	14.83	14.67	12.96
7	High	5 years	15.45	15.28	13.11
8	Coupons	15 years	15.59	15.43	13.49
9		25 years	15.09	14.91	13.34
10	Irredeemables †		12.89	12.77	11.24
11	Debs & Loans	5 years	16.13	16.09	14.23
12		15 years	16.01	15.97	13.99
13		25 years	16.00	15.97	13.75
14	Preference †		16.40	16.40	14.60

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	64.5	67.6	+1.5	2.09
Capital	58.5	61.6	-0.5	4.10
(Accum. Units)	49.7	53.1	-0.7	4.10
General	57.4	64.2	-1.0	4.78
Gilt & Fixed Int.	95.9	101.6	-0.6	12.59
Income	26.8	29.1	-0.2	8.88
Worldwide Bond	104.7	110.1	+0.7	6.95
Inv. Tst. Fd.	51.6	55.4	-0.1	4.53
Equities Prog.	83.2	89.5	-0.1	4.58

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	84.3	88.7	-1.0	13.69

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	90.4	95.7	-1.2	5.22
Brit. Inds. Fund	75.5	80.7	-0.9	5.57
Growth & Income	57.3	61.5	-0.4	4.69
Elect. & Ind. Dev.	46.8	50.1	-0.5	4.79
Allied Capital	98.3	105.2	-1.1	4.74
Hambro Fund	134.1	143.5	-1.9	5.86
Hambro Acc. Fund	196.5	210.3	-2.7	4.71

Income Funds

High Yield Fd.	64.6	69.3	-0.5	9.06
High Income	82.4	88.3	-0.8	7.26
Equity Income Fd.	47.5	50.8	-0.3	7.26
Govt. Secs.	22.8	23.4	-0.3	13.59

International Funds

International	36.3	38.8	+0.2	2.39
Japan Fund	29.1	31.1	-0.1	0.55

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (z)	28.4	30.5	+0.6	1.60
Australian (z)	23.4	25.3	-0.1	0.99
Far Eastern Tst. (z)	42.5	45.1	+0.5	2.24
High Income	33.3	36.1	-0.3	12.20
Intl. Trust (z)	49.8	53.0	+0.5	1.53
Basic Resources Tst.	49.5	52.6	-0.2	2.15
Incm. Growth Tst.	24.3	26.3	-0.3	6.50
Pref. & Gilt Tst.	18.7	23.9	----	15.72
Smaller Co's Trust	28.2	30.6	----	3.56

Choulerton Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.6	16.7	+0.1	3.65
International	60.4	65.2	+0.9	1.17
High Income	27.5	29.7	----	11.95

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.4	78.3	+1.7	3.69

For Cosmopolitan see Choulerton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8SD. 01-248 4984

High Income	33.7	36.7	-0.2	12.45
North American	60.3	65.2	+1.5	2.63
Canadian Exempt*	66.4	70.6	+1.6	3.00
Canadian Trust	55.5	59.9	+0.5	3.05
Kid Kount High Inc.	64.0	66.9	+0.8	10.30
Recovery	52.7	57.9	+1.1	3.85
Gilt Trust	39.2	41.7	-0.3	14.00

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	42.4	45.7	+0.6	0.55
Cres. Internat'l.	88.9	95.0	+0.4	1.54
Cres. High. Dist.	42.0	45.3	-0.1	9.66
Cres. Reserves	50.9	54.9	-0.7	5.65
Cres. Tokyo	39.6	42.7	-0.5	0.29

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.0	24.5	----	8.98

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99¾	95½	Treas. 8½pc '80-82‡‡	99¾	+⅛	8.57	14.15
97½	91½	Treasury 3pc '82‡‡	97½	+⅛	3.07	13.38
107	99¾	Treasury 14pc '82‡‡	99⅞	......	14.02	14.23
99½	93½	Treas. Variable '82‡‡	99⅝xd	......	13.89	14.99
96⅝	93½	Treasury 8¼pc '82	96⅞xd	......	8.52	14.17
96⅞	93½	Exch. 9¼pc 1982	96⅛	......	9.62	14.39
95½	92⅝	Exch. 8¾pc 1983	95½xd	......	9.16	13.39
92¾	84⅞	Exch. 3pc 1983	89⅞	......	3.34	12.11
99⅝	95	Treasury 12pc 1983‡‡	97⅛	–⅛	12.36	14.47
99⅝	96¾	Treas. Variable '83‡‡	99⅞	......	14.54	14.79
93⅝	90⅛	Treasury 9½pc '83	93½	–⅛	9.89	13.80
101½	95¼	Exch. 13½pc '83	98	–⅛	13.78	14.69
94⅛	89¼	Exch. 10pc 1983	92⅝xd	–⅛	10.80	14.33
88⅜	83½	Funding 5½pc '82-84‡‡	85¾	......	6.41	13.40
96¼	90	Exch. 11¼pc 1984	92⅞	–⅛	12.11	15.03
103½	95¼	Exchequer 14pc 1984	98¼	–⅛	14.25	14.89
82⅞	77	Exch. 3pc 1984	79⅞xd	......	3.76	12.40
98⅛	90½	Treasury 12pc 1984	93⅝	–⅛	12.85	14.91
107¼	95⅞	Treasury 15pc 1985	98¾	–½	15.19	15.43
98⅞	88¼	Exch. 12pc Cnv. '85	91⅜	–½	13.13	15.48
76	71	Treasury 3pc 1985	72⅝	......	4.12	12.56
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

CANADIANS—Continued

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◊ Figures or report awaited.
- ◊ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- θ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◊ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ◊ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......
Bertrams	17½	......
Bdg'wtr. Est. 50p	485	......
Craig & Rose £1	£13	......
Finlay Pkg. 5p	23½	......
Graig Ship. £1	£19	......
Higsons Brew	73xd	......
Holt (Jos) 25p	515	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	780	......
Peel Hldgs.	119	-4
Sheff. Refrshmt	68	......
Sindall (Wm.)	190	......

IRISH

Conv. 9% '80/82	£93⅝	......
Nat. 9¾% 84/89	£70	......
Fin. 13% 97/02	£74⅝	......
Alliance Gas	78	......
Arnott	225xd	......
Carroll (P.J.)	81	......
Concrete Prods.	90	......
Heiton (Hldgs.)	24½	......
Irish Ropes	38	......
Jacob	62	......
T.M.G.	18	......
Unidare	56	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	15	Utd. Drapery	6½
BOC Intl.	21	I.C.I.	18	Vickers	15
C.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5		
Barclays Bank	35	Ladbroke	13	**Property**	
Beecham	17	Legal & Gen.	20	Brit. Land	7
Blue Circle	33	Lex Service	9	Cap. Counties	10
Boots	18	Lloyds Bank	28	Land Secs.	30
Bowaters	19	"Lofs"	3½	MEPC	20
Brit. Aerospace	27	London Brick	6½	Peachey	15
B.A.T.	23	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	8	"Mams"	11	Town & City	2¼
Burton Ord.	12	Mrks. & Spncr	10		
Cadburys	8	Midland Bank	26	**Oils**	
Courtaulds	5½	N.E.I.	7	Brit. Petroleum	28
Debenhams	7	Nat. West. Bank	30	Burmah Oil	11
Distillers	16	P & O Dfd.	9	Charterhall	6
Dunlop	6½	Plessey	26	KCA	12
Eagle Star	25	Racal Elect.	34	Premier	7
F.N.F.C.	4	R.H.M.	5	Shell	28
Gen. Accident	30	Rank Org. Ord.	14	Tricentrol	25
Gen. Electric	55	Reed Intnl.	25	Ultramar	40
Glaxo	52	Sears	5		
Grand Met.	15	Tesco	5	**Mines**	
G.U.S. 'A'	50	Thorn EMI	30	Charter Cons.	21
Guardian	20	Trust Houses	11	Cons. Gold	40
G.K.N.	12	Tube Invest.	12	Lonrho	7
Hawker Sidd.	25	Turner & Newall	7½	[illegible]	[illegible]
[illegible]	[illegible]	Unilever	[illegible]	[illegible]	[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday December 2 1981

Net receipts of building societies fall sharply

By Michael Cassell

THE BUILDING societies are experiencing a rapidly-deteriorating inflow of investment funds and a big drop in mortgage demand.

Provisional estimates suggest that receipts recorded by the societies fell last month to their lowest point for nearly four years, and that the decline is likely to continue for the remaining weeks of the year.

Demand on the societies for home loans has reached one of its weakest points for several years, partly because of the economic situation but also because of the growing incursion of the banks into the mortgage market.

The societies calculate that net advances—the figure which discounts the money made available for re-lending by repayments on existing loans — are running at £400m a month compared with £200m monthly on the part of the banks. Earlier this year the societies' net advances were running at well over £600 a month.

It seems likely that net receipts in November—a month in which the societies increased their interest rates—fell to about £100m against £154m in the previous month and £293m a year earlier. If confirmed, the November total will be the lowest since receipts fell to £89m in January 1977.

As competition mounts between the societies for the public's money, their respective performances are beginning to differ widely. While some have managed to maintain reasonable savings inflows, stimulated by the extra-interest schemes now being aggressively promoted, others have taken in barely any new money.

The need for high receipts is not, however, of paramount importance at a time when mortgage demand is still dwindling, and the societies, for one of the rare periods in their recent history, are having to look for borrowers. They are far more concerned at the share of available mortgage business which the banks are managing to win from them.

The societies' gross advances and new mortgage commitments are continuing to fall away from the £1bn-plus monthly totals achieved earlier this year. Gross advances, which reflect earlier promises to lend, are now thought to be receding below £900m a month. Net new commitments are down to about £850m and still falling.

The refusal so far by some societies to follow the lead of the few who — provoked by the banks' highly competitive rates—have abandoned differential mortgage rates ~~and are~~ charging a flat rate for loans, has killed off inquiries for loans much in excess of £15,000.

Weather

UK TODAY

MAINLY dry inland, cloudy later. Some rain in the north, cold in the south east.

South East, E. England, E. Midlands.
Fog early, mainly dry. Max. 6C (43F).

Wales, NW and SW England.
Cloudy. Max. 9C (48F).

NE and SW England, W Midlands, Central England, Channel Is., Borders, E Scotland.
Early fog, mostly dry. Max. 8C (46F).

W and N Scotland, N Ireland, Lake District, Isle of Man.
Max. 10C (50F).

Outlook: Rain spreading from the north on Friday.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	L. Ang.†	F	9	48
Algiers	S	20	68	Luxmbg.	Sn	2	36
Amsdm.	C	6	43	Luxor	S	25	77
Athens	S	15	59	Madrid	S	11	52
Bahrain		—	—	Majorca	S	18	64
Barclna.	F	18	64	Malaga	S	19	66
Beirut	S	21	70	Malta	S	17	63
Belfast	R	6	43	Mchstr.	S	3	37
Belgrd.	C	6	43	Melbne.		—	—
Berlin	C	3	37	Mx. C.†		—	—
Biarritz	R	14	57	Miami†	F	22	72
Bmghm.	S	5	41	Milan	S	11	52
Blackp'l	S	5	41	Montr'l†	C	−6	21
Bordx.	C	7	45	Moscow	Sn	0	32
Boulgn.	C	6	43	Munich	Sn	0	32
Bristol	S	7	45	Nairobi		—	—
Brussels	C	6	43	Naples	R	12	54
Budpst.	C	1	34	Nassau		—	—
Cairo		—	—	Nwcstl.	S	4	39
Cardiff	S	6	43	N. York†	F	[illegible]	[illegible]
Casbca.	S	19	66	Nice	S	15	59
Cape T.		—	—	Nicosia		—	—
Chicg.†	R	6	43	Oporto	S	14	57
Cologne	R	3	37	Oslo	S	−2	28
Cphgn.	C	3	37	Paris	S	7	45
Corfu	S	12	54	Perth		—	—
Denver†	F	−7	19	Prague	C	−1	30
Dublin	R	8	46	Rykjvk.	C	8	46
Dbrvnk.	F	10	50	Rhodes	R	13	55
Edinbgh.	R	1	34	Rio J'o		—	—
Faro	S	18	64	Rome	C	16	61
Florence	R	8	46	Salzb'rg	Sn	−1	30
Frankf't	C	4	39	S'cisco†	F	9	48
Funchal	C	4	39	S. M'ritz		—	—
Geneva	S	4	39	Singapr.		—	—
Gibrltr.	S	18	64	Stckhm.	R	2	36
Glasg'w	S	0	32	Strasb'g	C	1	34
G'nsey	S	8	46	Sydney		—	—
Helsinki	Sn	1	34	Tangier	S	19	66
H. Kong		—	—	Tel Aviv	S	22	72
Innsbrk.	Sn	2	36	Tenerife	S	25	77
Invrnss.	C	2	36	Tokyo		—	—
I.o.Man		—	—	Toronto†	C	1	34
Istanbul	R	11	52	Tunis	S	19	66
Jersey	F	8	46	Valencia	S	19	66
Jo'burg		—	—	Venice	F	4	39
L. Pims.		—	—	Vienna	C	4	39
Lisbon	S	16	61	Warsaw	C	0	32
Locarno	F	8	46	Zurich	C	2	36
London	C	6	43				

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

RAILWAY HOTELS AND SEALINK MAY BE SOLD

Howe puts squeeze on BR

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT will put strong financial pressure on British Rail next year, with the intention of forcing it to reduce overmanning and dispose of more assets.

Sir Geoffrey Howe, the Chancellor, will announce today that BR's external financing limit, the total it is allowed to borrow or receive in grants, for 1982-83 will be allowed to increase by only 3 per cent to £950m.

This is likely to cause the British Rail Board when it meets on December 4, to give urgent consideration to plans for raising extra cash by selling most of its remaining 26 hotels and its Sealink ferry subsidiary.

The sale of 23 of the hotels could raise about £20m, it is estimated, while Sealink is thought to be worth between £30m and £40m.

Even after raising this amount it is likely that the squeeze would prevent British Rail from carrying out much of the capital investment and repairs it believes are necessary.

The Government's argument is that it should make cash available for investment by a much tougher effort to reduce overmanning and hold down wage costs.

It is estimated that every 1 per cent increase in pay would cost BR £15m.

For the nationalised industries as a whole it is estimated that every 1 per cent reduction in wage costs would save £125m a year.

The Government is anxious to use the financing limits as a way of squeezing out inefficiency across the board.

This year British Rail's revised external financing limit is £920m, of which £20m is the part of a special allocation which it used for streamlining its parcels operation.

If this £20m were discounted the planned increase for next year would be 5.6 per cent, still considerably below the 7 per cent inflation factor being allowed for the public sector as a whole, and well below the 10 to 11 per cent inflation rate for retail prices given in most forecasts.

The announcement on British Rail will be one of a series on nationalised industry external financing limits from the Chancellor today as part of his review of next year's public spending plans.

The Treasury forecast for the economy next year will be released at the same time.

Dieppe service plan, Page 10

Grade floats 49% of TV offshoot

BY JOHN MOORE

Central Independent Television, the company formed by Lord Grade's Associated Communications Corporation to renew the ATV network franchise for the Midlands, is raising £12.25m through the issue of 49 per cent of its shares to the public.

Associated Communications will hold 51 per cent of the shares in the new company which will be capitalised at £25m.

The cash-raising exercise will help to finance the initial purchase of the majority of assets of ATV Network, a wholly-owned subsidiary of Associated Communications and the holder of the independent television franchise for the Midlands. That franchise expires on December 31 this year.

When renewing the ATV Network franchise for the Midlands the Independent Broadcasting Authority ordered Associated Communications to sell off a 49 per cent interest and to build a new studio in Nottingham to improve its service in the East Midlands.

Central was formed to apply for the franchise. In the first 15 months of operation ending March 31 1983, Central expects to make a budgeted loss before tax of £2m. However by the end of March 1985 the new company could be making profits of £8.9m.

The board of Central does not expect to declare a dividend to shareholders for the first 15 months of trading and future dividend payments will depend principally on the level of television advertising.

No application has been made for a listing on the stock market of Central's shares but it is intended that consideration will be given to such an application as soon as possible.

Details Page 20

LORD GRADE . . . to sell part of Central

Hambros may pay £26m in deal to wind up Reksten tanker side

BY FAY GJESTER AND WILLIAM HALL

HAMBROS BANK, the City accepting house, is close to solving its long-running dispute with the Norwegian authorities over its involvement in the affairs of the troubled Reksten shipping group. The settlement could cost the bank about $50m (£26m) and leave it owning six very large crude carriers (VLCCs).

Details of a preliminary agreement between Hambros, the Norwegian state-owned Guarantee Institute and the Aker shipbuilding group were revealed yesterday by Mr Arne Skauge, the Norwegian Shipping Minister. The plan winds up the Reksten tanker interests.

Under the agreement, which is expected to be signed within two weeks, the Norwegian authorities have agreed to drop plans to sue Hambros for damages. In return, the bank is transferring assets totalling about $36m to the Guarantee Institute and the Aker group, which built many of the Reksten ships.

Hambros' dispute with the Norwegian authorities began after the setting-up of the Guarantee Institute, which guaranteed loans to shipowners in trouble. The aim was to stop the forced sale of ships, primarily VLCCs.

Hambros was Reksten's financial adviser and it was alleged that, if the Norwegian authorities had known the extent of the overseas assets of the late Mr Hilmar Reksten, one of Norway's largest shipowners, they might not have been so generous in guaranteeing the loans on the Reksten fleet.

The problem was aggravated because the tanker market has failed to recover. The Reksten companies have nearly run out of money, and the authorities have been under pressure to honour the NKr 800m (£71m) guarantees o nthe Reksten fleet.

The cost of the state honouring the guarantees will be cut by NKr 100m to NKr 700m and the Reksten tanker fleet will be shared among the major creditors. The 29 banks which put up the $161.5m loan to keep Reksten afloat will be repaid in full, it is understood.

It is believed that the Guarantee Institute will get about $15m in cash from Hambros and two Reksten tankers (Trajan and Julian) free of debt. Aker will get cash and other assets (including one tanker, Nerva) totalling about $18m. In addition, Hambros transfers its claim to an industrial site outside Bergan (belonging to the Reksten estate) to Aker.

Hambros is believed to be injecting about $25m of cash and will write down the value of the six tankers—on which it had first priority mortgages, by about $25m. The bank is understood to be fairly relaxed about the outcome. It is expected to put the six ships up for sale.

Mr Skauge said that if the Norwegian authorities had decided to sue Hambros "we would have had to prove we suffered an additional loss as a result of the fact that Hambros—possibly—did not give the Guarantee Institute adequate information."

Continued from Page 1

TV fees

debit instalment through a viewer's bank account towards the following year's licence will be accepted next summer, together with the introduction of "at least a pilot scheme" for payment by credit cards.

By summer 1983, Mr Whitelaw said, he hoped to introduce a scheme for payment of monthly cash instalments over Post Office counters towards next year's licence fee.

A three-year freeze on fees, said the Home Secretary, would require considerable financial discipline by the BBC. "The extent to which it will be able to pursue its plans for new or improved services will depend crucially on its ability to keep down its costs, particularly labour costs," he added.

"In this context, the Board of Governors has announced that it has commissioned a wide-ranging review of the systems by which the BBC monitors its efficiency."

The BBC said last night that the £46 fee "will not enable us to provide all of the improvements in our programme which we had hoped, but we shall be able to make some of them. The prevailing rate of inflation will determine which and how many of these we can make."

Among the TV programme improvements planned by the BBC and based on a £50 licence fee were:

- keeping BBC 2 open regularly earlier in the evening;
- more home-produced drama and fewer U.S. imports;
- fewer repeat programmes in peak hours;
- restoration of afternoon BBC 1 programmes;
- more programmes for local audiences;
- better reception for remote areas.

In radio, it was planned to improve reception with the re-engineering of transmitters, and to strengthen the BBC Symphony and Northern orchestras.

Heavier trucks

Continued from Page 1

This would cut transport costs, conserve energy and provide significant environmental benefits because fewer of the heavier trucks would be needed.

John Griffiths writes: Truck and trailer manufacturers, grappling with their worst recession for 30 years, expect that the introduction of the 40-tonne limit will have little direct impact on sales.

Nor do they expect that it will significantly improve the competitive position of truck importers.

This is because UK makers have been building trucks rated at 38 tonnes for much of the 1970s, even though they have been operated at the 32.5-tonne limit in the expectation of an eventual higher weight limit.

The makers expect that only a small number of operators will want to use the full 40-tonne limit and that the majority will wish to operate at 38 tonnes.

For 40-tonne operation tractor units with twin rather than single rear axles would be required. Such units are not built at present in the UK for domestic use, but makers said yesterday that twin-axle units could be introduced as demand warranted.

Most Continental makers already have twin-axle tractors. But Renault's UK commercial vehicles arm, Renault Truck and Bus, pointed out last night that their conversion to right hand drive could involve bigger problems than the axle changes envisaged by UK builders.

Plan to share gas supply system

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is planning to turn British Gas Corporation's network of pipelines throughout Britain into a gas distribution system shared by British Gas and commercial companies.

Under the proposals North Sea oil companies would be able to use the 141,000 miles of pipelines to transport natural gas to commercial and industrial customers in competition with British Gas.

It is expected that British Gas will be allowed to charge a tariff for the gas carried on behalf of other sellers. Disputes over the level of tariffs would be referred to an arbitrator.

It is envisaged that the common carrier system would work in the following way:

An industrial or commercial organisation, not wishing to buy from British Gas, would contract to take a specified amount of gas from a producing oil company.

The oil company would then feed into the pipeline network the amount of gas specified by the buyer. British Gas would be paid a tariff for the amount of gas carried on behalf of the oil company. If the customer varied the rate at which he wished to buy gas the oil company would also have to alter its supply pattern and tariff arrangements.

Even though all the gas carried through the network would be of uniform quality, and thus mixable, British Gas officials regard the concept as an extremely complicated one to operate. They point to the possibility of a multiplicity of varying contracts with a number of supplying companies.

The scheme, being drawn up within the Energy Department, will be part of the Oil and Gas Bill to be introduced in Parliament in the New Year. Mr Nigel Lawson, Energy Secretary, told a Lords committee yesterday that government plans for breaking the Gas Corporation's monopoly right over gas supplies would speed exploration and development work in the North Sea.

Oil companies, which long have complained that British Gas prices for North Sea supplies are too low, are to be given an opportunity to sell fuel directly to commercial and industrial customers.

Under the proposed legislation, North Sea producers would be allowed to seek new gas customers as well as compete for existing British Gas supply contracts as they come up for renewal.

As a result of this arrangement, oil companies could make substantial use of the Gas Corporation's 3,500 miles of high-pressure mains as well as the medium-pressure feeder lines which link factories with the trunk distribution system. Domestic supplies will not be affected by the proposals.

However, British Gas is likely to warn that a rapid surge of fresh business arising from the new competition could put pressure on the distribution system, particularly in winter months.

The corporation, which refused to reveal the peak carrying capacity of its network, said last night: "British Gas has been an expanding industry for many years and we have designed a system with very tight margins."

The corporation handles an average of 4.5bn to 5bn cubic feet a day although its winter peak supplies can reach 9bn cubic feet a day. The capacity is being expanded to cope with a winter peak of about 12bn cubic feet a day by the mid-1980s as part of a £4.5bn investment programme.

The Government also has announced plans for selling off all or part of the Gas Corporation's oil interests, although the form of this "privatisation" has not been decided.

Mr Hamish Gray, Minister of State for Energy, told an oil industry lunch in London yesterday that the Government would "take powers to permit the introduction of private capital in British Gas Corporation's offshore oil field interests."

It is understood that among the options being considered is the formation of a new offshore oil company in which British Gas might retain an interest. Alternatively, the corporation may be forced to sell its oil interests, including its share in the Wytch Farm onshore field in a piecemeal process which could raise over £500m.

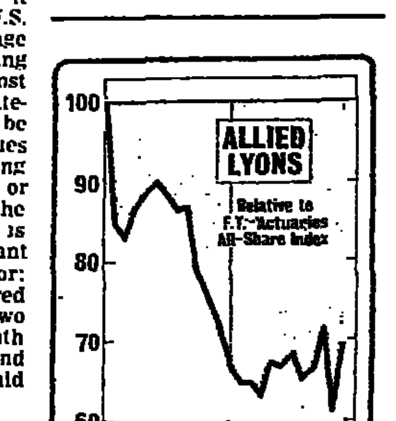
World oil survey, Inset

THE LEX COLUMN

Financing puzzle for properties

The gilt-edged market has come to rely on buoyant New York bond prices to help it along, and yesterday, with U.S. bonds weaker and the shortage of credit in London continuing unabated, long-dated stocks lost nearly a point. Today's statement by the Chancellor will be particularly scrutinised for clues to the implied level of funding in the next financial year, or clear signposting through the present monetary jungle. It is hard to imagine any pleasant surprises from the Chancellor: this time last year he lowered Minimum Lending Rate by two points, whereas now a sixteenth off the Bank of England's Band Three bill buying rate would be gratefully received.

Index fell 7.0 to 530.8



Property companies

The first significant property revaluation for the year to September has come up with a comfortingly large figure. But the 19 per cent increase unveiled by MEPC is unlikely to be matched by many other UK companies over the period. For the thing, it includes an element of catch-up after last year's conservative internal revaluation. Moreover, few other companies have MEPC's overseas spread, which is now paying off handsomely; a third of the revaluation surplus can be attributed to Australia. The shares rose 8p yesterday to 248p, a discount of 35 per cent to net assets, and producing a yield of 3.8 per cent.

Rental income has expanded by 27 per cent, and with reversions this kind of growth should be maintained for the next couple of years. Meanwhile, the current year will see continued heavy spending on development — of perhaps £45m — which will make something of a hole in outstanding cash of £52m. At least MEPC has a balance sheet that permits it to pursue a policy of financing new development with two-thirds of debt, so leaving some geared up benefits to come through to shareholders in later years.

This is clearly not an investment philosophy shared by Great Portland Estates, which yesterday announced a £27m rights issue. The proceeds will wipe out net debt of £12.9m in the March balance sheet, and are likely to be sufficient to finance the group's entire development programme. So shareholders will be relying purely on the Board's success in enhancing the value of the assets it invests in to stave off the dilution effects. And this is an exercise based purely on trust, since the offer document is singularly free of projections. The shares fell 8p yesterday to 183p, where the prospective yield is 3.9 per cent.

Hanson

The rate of growth at Hanson Trust has accelerated in the year to September, thanks in large measure to the weakness of sterling. Overall profits are up from £39.1m to £49.7m pre-tax, and roughly £6m of the increase comes from changes in the sterling/dollar parity. In addition, the latest U.S. acquisition has brought in an initial £2m or more before tax, and there has been sharp growth in the textile and catering activities. With UK profits under pressure, the U.S. has contributed nearly three quarters of Hanson's pre-interest profits.

There are no signs yet of a slowdown in the U.S., and there will be a larger net contribution from the new acquisition this year. Hanson has plenty of firepower for further bids, with gross cash resources of over £175m and virtually no net borrowings, if its convertibles are counted as deferred equity. If it does not get Berec, then the betting is that it will go after something else. The dividend yield of 5.2 per cent is more than twice covered by current cost earnings.

Allied-Lyons

The adoption of a new name seems a lucky omen for Allied-Lyons. Fears of a rights issue have receded, the shares have been outperforming and yesterday the group announced its first decent profits advance for three years.

Not all the good news is of Allied's own making. Currencies and interest rates between them contributed at least one third of the 30 per cent increase in pre-tax profits to £65.5m for the 28 weeks to September. Loss reduction at Skol NV and the Homburg meat business chipped in roughly another £3m.

But at least the three main divisions are all pointing in the right direction. Rationalisation and the steady improvement in gross margins have left brewing profits roughly level, despite falling volume and the Ansells strike—which may have cost about £5m.

The stronger dollar was very helpful to both the food and spirits divisions but, with turnover still fairly sluggish, it looks as if Allied has also pushed up net margins at home. The company is at last making significant additions to shareholders funds and has sensibly decided not to raise the interim dividend. The balance sheet gearing is still rather uncomfortable—total debt is not much under 50 per cent of net worth—and the historic yield is 10 per cent on yesterday's share price of 74½p. Allied looks set to make around £135m pre-tax for the full year, against £112.4m last time, after crediting about £15m in property gains. With gross margins already looking fully extended, Allied will need to push turnover off its four-year-old plateau if the earnings growth is to be maintained.

Central TV

It is difficult at this point to see any winners in the public launch of Central Independent Television, the company set up to take over the ATV Midlands commercial television franchise. Investors are being asked to subscribe £25m in shares for only £22m in tangible assets, the prospect of at least 15 months of losses, and the absence of dividends. For the moment, there is to be no market in the mostly non-voting shares, and the issue has not been underwritten.

Lord Grade's Associated Communications Corporation is retaining ostensible control of the franchise by subscribing £12.75m for 51 per cent of the CIT equity but is being restricted to two non-executive directors on the 14-man board. ACC will receive £18.1m from the sale of ATV's assets to the new company, but its share of the profits (and prospective losses) from the franchise will be halved.

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